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KEDO Sent 150,791 Tons of Heavy Oil to DPRK

*SK1512051095 Seoul YONHAP in English
0505 GMT 15 Dec 95*

[FBIS Transcribed Text] New York, Dec. 14 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) has provided a total of 150,791 tons of heavy oil to North Korea this year at a total expense of 15,580,200 U.S. dollars.

The fuel was supplied to the communist country on eight occasions since the first shipment of 22,438 tons Jan. 16 under the framework nuclear agreement signed in Geneva between KEDO and Pyongyang Oct. 21 last year, a KEDO official said. The last shipment thus far was delivered Oct. 28.

The total costs of the oil shipments included all other expenses, including transportation and insurance.

Such shipments of oil by KEDO was the organization's compensation for energy losses resulting from North Korea's freezing operations on its graphite-moderated nuclear reactors under the Geneva accord.

KEDO Plans for DPRK Geological Survey Noted

*SK1512105395 Seoul CHUNGANG ILBO in Korean
15 Dec 95 p 2*

[FBIS Translated Text] With the conclusion of negotiations on the supply of the light-water reactors to North Korea, the Korean Peninsula Energy Development Organization [KEDO] will begin full-fledged boring with ROK equipment that is to be sent to Sinpo, South Hamgyong Province, North Korea, in January 1996.

A government official said on 14 December: "A KEDO survey team led by ROK experts will carry out full-fledged boring and seismic reaction tests for a month during the fourth site survey period that will start on 14 January next year, and will bring our country's equipment into North Korea for the first time."

The official also said: "Because our experts are supposed to take leadership in constructing the light-water reactors, it is necessary to urgently solve problems concerning their legal status and consular protection."

Prior to this, a month-long survey will be conducted by KEDO's third site survey team, which is comprised of 11 Koreans, an American, and two Japanese experts, beginning on 16 December, and will focus on the survey of geological conditions and dislocations of Sinpo that may affect the design of the light-water reactor.

International Fisheries, Food Conference Ends

*OW0912154395 Tokyo KYODO in English
1204 GMT 9 Dec 95*

[FBIS Transcribed Text] Kyoto, Dec. 9 KYODO — An international conference on fisheries and food security closed a six-day session here Saturday [9 December] after adopting a declaration and action program for sustainable growth in the fisheries industry.

The 32-point declaration and action plan call for a study on "the effectiveness of multispecies management" as a unified program to preserve marine resources.

Representatives from about 100 nations attended the international conference on the sustainable contribution of fisheries to food security, sponsored by the Japanese Government in cooperation with the UN Food and Agriculture Organization (FAO).

The conference also declared that the participating nations should promote fisheries through research and development aiming at "optimum use of unexploited or underexploited resources, identification of new, harvestable, aquatic resources, reduction of discard mortality and development and use of selective, environmentally safe and cost-effective fishing gear and techniques."

The declaration said the participants should study means for responsible postharvest use of fish and fishery products compatible with the sustainable development of fisheries and aquaculture and ensure that trade in fish and fishery products promotes food security, does not result in environmental degradation and is conducted in accordance with the principles, rights and obligations established in the World Trade Organization agreement.

It also called for recognition and appreciation of the significant role that marine fisheries, inland fisheries and aquaculture play in providing food security, both through food supplies and through economic and social well-being, the declaration said.

The declaration and action plan will be reviewed at an FAO world food summit to be held in Rome in November next year.

Japan

Clinton Pledges To Visit 'as Soon as Possible'

OW1912022795 Tokyo KYODO in English
0212 GMT 19 Dec 95

[FBIS Transcribed Text] Washington, Dec. 18 KYODO — U.S. President Bill Clinton promised the outgoing Japanese Ambassador to the United States on Monday [18 December] that he will make his postponed state visit to Japan as soon as possible, Japanese officials said.

The officials said Clinton reiterated his regret that his trip to Japan planned for November had been postponed due to the prolonged budget impasse with congress that led to the partial shutdown of federal government activities.

Japanese ambassador to the U.S. Takakazu Kuriyama made a courtesy call on the president before departing later this month after completing his tour of duty.

Kuriyama told Clinton that bilateral economic relations between Japan and the U.S. have greatly improved compared to some one or two years ago, the officials said.

In response, Clinton told the envoy he is pleased with the improving ties, and intends to put priority on strengthening them further, the officials said.

They said Vice President Al Gore and National Security Adviser Anthony Lake were also present at Clinton's meeting with Kuriyama.

The two countries are now rescheduling Clinton's visit to Japan, with the likeliest date seen as April.

During the proposed state visit, Clinton and Japanese Prime Minister Tomiichi Murayama are scheduled to make a joint declaration reaffirming the bilateral alliance.

Kuriyama's successor is Kunihiko Saito, a former vice foreign minister, who departs Tokyo on Dec. 27 for his new post in Washington.

Article Views Alleged Korean Peninsula Crisis

OW1912102595 Tokyo SANKEI SHIMBUN in Japanese 16 Dec 95 Morning Edition p 1

[Article by Seoul correspondent Katsuhiro Kuroda: "Speculation About Crisis on the Korean Peninsula"; from "Current" column]

[FBIS Translated Text] Two months have passed since North Korea has enhanced its military exercises in October while beefing up the unit on the front line. In response, in South Korea, "air defense exercises" were conducted for the first time in a long time under the management of Joint General Staff Office and Operation Headquarters of the air force on 15 December, the monthly "civil defense" day. However, probably because the training was aimed at preventing enemy planes from invading the capital region, nothing took place in Seoul on that day. In the exercises, such air fighters as F-16, and anti-aircraft weapons, including air-defense missiles and anti-aircraft artillery were reportedly used in air force bases surrounding Seoul.

At the same time, National Security Planning Agency [NSPA] Director Kwon Yong-hae told the information committee of the Diet that "the period between this winter and the spring next year is important for crisis management." Although new information was not made open, his report was to respond to speculation about the crisis in the Korean Peninsula, which has been made both at home and abroad recently.

However, he did not point out that the possibility of war erupting is increasing, and he merely concluded by saying: "The North Korea continues to maintain its strange system of enhancing war preparation while facing a serious economic situation, and their war preparation has already been completed. So, the North Koreans are in a dangerous situation in which they can take provocative actions against the South according to the will of Kim Chong-il."

Since recent speculations have come mainly from foreign nations, including the United States and Japan, South Korea is not so nervous about the situation. As for reported military training of North Korea, Seoul sees it as the resumption of military training, which was reduced for the time being after the death of Kim Il-song, and believes that neither the quality or quantity of the training exceeds normal levels.

Meanwhile, attention has been paid to the fact that about 100 aircraft was moved to the front line and remain there. According to the NSPA's report to the Diet, these aircraft are stationed in three reserve air bases in Taetan in Hwanghaenamdo, Nuchonni in Hwanghaebukto, and Tongchon in Kangwondo located within 40 kilometers from the demarcation line.

However, military sources said that aircraft deployed in such areas may be defensive rather than offensive because most of the aircraft stationed are outdated model produced in 1950's such as MiG-17, MiG-19, and Ilyushin Il-28 and in terms of quantity, these fighters do not have much attacking capability.

Furthermore, there has been other speculation about the crisis based on a recent report that the border guard general bureau of the People's Security Forces (totaling 100,000) placed under the National Security Ministry [as published] — which is in change of secret policing activities — has been incorporated into the Ministry of People's Armed Forces like the war time. But there is another speculation that what were incorporated are only some of border guard forces in the northern area, and what has been reported has not been confirmed in the border line.

According to military affairs specialists in Seoul, underlying recent military tensions in North Korea are three causes both at home and abroad.

The first one is that North Korea itself is faced with various difficulties, including serious economic conditions, and that Secretary Kim Chong-il, under the name of "Supreme Commander of the Korean People's Army," is taking advantage of such difficulties to tighten the domestic situation by mounting military tensions within the nation.

Moreover, Secretary Kim Chong-il reshuffled military officers by appointing Choe Kwang as minister of People's Armed Forces, Kim Yong-chun as Chief of General Staff, Cho Myong-rok as General Political Bureau Director, and O Kim-chol as Commander of the Air Force, thus hastening to firm up the military systems, despite the fact that he has not carried out personnel reshuffles in non- military areas. The reshuffle of military officers then leads to rechecking the armed forces and enhancing military training with the inauguration of the new military systems.

The second point is that South Korea needs to have its people and military strained by opening to them in detail information on military moves of the North, because Seoul is pressed to restore the domestic confusion resulting from the recent political scandals and a decrease of the military's morale.

The third cause is the U.S. military's intention. Due to the negative views on the stationing of the U.S. military in Japan and South Korea are prevailing in South Korea in the wake of the recent rape scandal in Okinawa and increasingly critical public opinion on U.S. military-related crimes, the U.S. military is reportedly stressing anew a "threat from the North" during the process of reconfirming the U.S. military's role and its significance in the region.

NODONG SINMUN dated 14 December commented on the United States' stand of taking North Korea as a threat and criticized Washington for "seeing white as black," noting North Korea for its part "will have to come up with countermeasures." Accordingly, the military analysts said that what constitutes speculations is domestic reasons of the three countries, which believe that tension in the Korean Peninsula to be advantageous to their own countries.

Aides Link Hashimoto's Ambition to U.S. Visit

OW1912001895 Tokyo ASAHI SHIMBUN in Japanese 16 Dec 95 Morning Edition p 7

[FBIS Translated Text] Ryutaro Hashimoto, president of the Liberal Democratic Party [LDP], and concurrently deputy prime minister and minister of international trade and industry, will visit the United States in January, where he plans to meet President Bill Clinton and deliver a speech.

By personally engaging in a summit level exchange of views between Japan and the United States, the original talks having been delayed because of the postponement of President Clinton's visit to Japan, Hashimoto intends to impress upon the United States he is "the top candidate for the prime ministership" (according to his close aides). He also wants to rebuff criticism in the party about his "lack of visibility."

The itinerary of his U.S. visit is being planned to coincide with the East-West conference of ministers in charge of economics, industry, and trade, which will start in Baltimore on 8 January. Although this conference "does not necessarily require the participation of a cabinet member," (according to a senior official of the former Obuchi faction), the main purpose of the visit is to meet the U.S. President in Washington, and deliver a speech at the National Press Club. Hashimoto will depart for the U.S. on 9 January and stay in the United States for about six days.

Hashimoto's aides emphasize that, "while Mr. Murayama of the Social Democratic Party of Japan is the best qualified to find a solution of the Okinawa problem, Japan-U.S. relations will be a job for the LDP" (according to a senior official of the former Obuchi faction). It seems that Hashimoto is also concerned about the perception in the party that "the LDP's unique identity is not visible" (according to a senior Diet member) under Hashimoto's leadership.

The Ministry of Foreign Affairs also hopes Hashimoto's meeting with President Clinton during his visit to the United States will be a chance to confirm the U.S. President's visit to Japan in April.

The National Press Club, where Hashimoto plans to give a speech, has in the past hosted speeches by then Prime Minister Kiichi Miyazawa and Ichiro Ozawa, secretary general of New Frontier Party. Although Hashimoto is well-known in the United States on trade issues, he seems to want to take this opportunity to assume a higher profile as a "candidate to become the next prime minister."

Legislators To Appeal in U.S. for Base Cutbacks

OW1912050495 Tokyo KYODO in English 0427 GMT 19 Dec 95

[FBIS Transcribed Text] Naha, Japan, Dec. 19 KYODO — Fourteen Okinawa prefectural assembly members will visit the United States next month to appeal directly to Washington for a cut of U.S. Military bases in the southernmost prefecture, the assembly decided Tuesday.

The group, headed by chiken kakazu, will also seek a change in the Japan-U.S. Status-of-Forces Agreement concerning the handling of U.S. service personnel suspected of committing crimes in Japan.

Making arrangements through the Japanese Foreign Ministry, the group hopes to meet with U.S. President Bill Clinton and U.S. military leaders to explain Okinawa's position on the U.S. military presence on the island prefecture.

They are planning to make their visit from Jan. 28 to Feb. 10.

Meanwhile, organizers of the massive peace rally that saw 85,000 people turn out are reportedly planning to send their own mission to the U.S.

About three-quarters of the U.S. military facilities in Japan are stationed in Okinawa, which makes up less than 1 percent of the Japanese land mass.

Island residents have long protested the problems associated with the presence of the U.S. bases there, but the rape of a schoolgirl in September, for which three U.S. servicemen are on trial, unleashed a furor over the bases and the treatment of the U.S. personnel under the Status-of-Forces Agreement.

Under the agreement, U.S. service personnel suspected of committing crimes in Japan are held by U.S. authorities until an indictment has been received from Japanese prosecutors.

In a couple of cases, suspects have fled to the U.S. under what Japanese legal authorities have seen as lax security.

Okinawa Development Chief Surveys Air Base

OW1912010295 Naha RYUKYU SHIMPO in Japanese 16 Dec 95 Morning Edition p 25

[FBIS Translated Text] Ginowan — On the afternoon of 15 December, Masaaki Takagi, director general of the Okinawa Development Agency who was visiting Okinawa, surveyed the U.S. Marine Corps Air Station in Futenma from Kakazu-takadai — the heights that command a view of the whole base and were the site of a fierce battle field during World War II.

At about 1500 hours the director general took 10 minutes to inspect the base. Noting that the city's development had been hampered because the base occupies the central part of the city, Ginowan Mayor Seiken Tobaru and Ginowan city assembly speaker Masahito Isa [name as transliterated] talked about pollution from the base, including noise from helicopters.

Tobaru said: "Local governments hosting the bases should be designated as special areas and soundproofed construction must be carried out."

With the occasional noise from military airplanes flying over a neighboring area, Takagi nodded several times as he was informed that a fierce battle was fought on the heights during World War II.

Mayor Takagi has recently caused a stir by revealing his intention not to renew lease contracts with the national government for city-owned land inside Futenma base. However, Takagi and the Ginowan officials did not discuss the issue at their meeting.

Commentary Views Council Meeting on Base Issues

OW1812234495 Naha OKINAWA TIMES in Japanese 16 Dec 95 Morning Edition p 2

[Commentary by Tomohiro Yara of OKINAWA TIMES Political and Economic Department]

[FBIS Translated Text] Regarding the Japan-U.S. Status of Forces Agreement [SOFA], the national-prefectural council for base matters held a meeting on 15 December and prioritized the issues to be resolved. We can say the council's conclusion strongly reflects the government's view that "there is no need to review the agreement" because both sides agreed to first settle issues that can be resolved by improving the application of the SOFA or through a joint committee meeting without rewriting the agreement itself.

For example, the Okinawa Prefectural Government is calling for a ban on marches on civilian roads and on U.S. military aircraft making emergency landings at civilian airports. However, the agreement allows the U.S. forces to move troops from one facility to another or use civilian airport and harbor facilities. It seems to us that the issue is also related to a SOFA revision. Out of respect for the U.S. side, the council waived the idea of taking such issues up for discussion.

Meanwhile, the prefectural government positively assesses the central government's effort to deal with the noise issue, saying "the pace of its work has quickened." A Japan-U.S. special action committee meeting, scheduled to be held before the end of this year, will talk about a draft accord for preventing noise pollution, which was prepared by Kadena-cho and other autonomies around Kadena Air Base.

Nevertheless, an accord, which the prefectural government wants to see both countries sign, imposes more severe conditions, including a ban on night flights and flights over residential areas, than agreements the U.S. forces signed with other countries. It seems that the U.S. side will assume a defensive posture tighter than its current one. Also, we need to be careful about escape clauses that say things like "during an emergency or for operational reasons." Such escape clauses can be used as a loophole, and the accord itself may lose its effectiveness in preventing noise pollution. The Japan-U.S. Joint Council agreed to ban flights after 2200 at Yokota Airport (in Tokyo) and Atsugi Base (in Kanagawa). However, U.S. military aircraft continue to take off and land at night because they are needed for "operational reasons." The reality is that there has been no fundamental improvement in the noise pollution issue.

The largest focal point of future discussions will be how to use the regulations to practically affect the activities of the U.S. military, which shows no sign of giving up its vested right of the free use of bases on Okinawa. The prefectural government needs to make another effort at future negotiations.

Monju Operator on Possibility of Leak Probe

*OW1912043195 Tokyo KYODO in English
0337 GMT 19 Dec 95*

[FBIS Transcribed Text] Tsuruga, Japan, Dec. 19 KYODO — The operator of Japan's prototype fast-breeder nuclear reactor, Monju, reported Tuesday that progress made in cleaning up a coolant leak may make it possible a full inspection for the cause of the leak can begin this year.

"We can start setting up scaffolding for the inspection of the cause of the accident, pending coordination with the Science and Technology Agency," said an official at the governmental Power Reactor and Nuclear Fuel Development Corp. (Donen).

Initially, Donen had been scheduled to open a probe into the cause of the accident next February.

On Tuesday afternoon, a six-member team from the Science and Technology Agency is to make its second inspection of the reactor since Monju was manually shut down Dec. 8 after sodium leaked from a secondary cooling system, causing smoke in a pipe-housing unit which set off an alarm.

The team is to gather until Thursday information needed for a full inspection of the cause of the coolant leak.

Donen had not used the word "accident" in describing the coolant leak, but under pressure from the Fukui prefectural assembly the company recognized the leak as an accident instead of "a phenomenon."

Meanwhile, a dispute has broken out between local firefighters and Donen over how the accident should be defined.

Firefighters who examined the site say the accident was a fire, but Donen officially says it was not.

"Personally I think it was a fire.. But in general the legal definition (of fire) is different from everyday use of the word," Donen official Masaaki Nishida said at a press conference.

Monju started operations in August and was scheduled to eventually generate 280 megawatts of electricity, making it the world's second largest fast-breeder reactor, after the French Super-Phoenix reactor.

A fast-breeder reactor is designed to produce more nuclear fuel than it consumes, a technical appeal for Japan, which is poor in energy resources and uses nuclear reactors for 33 percent of its power needs.

Japan plans to raise its dependence on nuclear energy to 42 percent by 2010, as the government views fast-breeder reactors as the centerpiece of the nation's energy policy for the 21st century.

Reactor Shut Down Differed From Regulations

*OW1912152195 Tokyo KYODO in English
1505 GMT 19 Dec 95*

[FBIS Transcribed Text] Tsuruga, Japan, Dec. 19 KYODO — The operator of Japan's prototype fast-breeder nuclear reactor may have made judgments on the manual suspension of the reactor when a coolant leak occurred Dec. 8 on grounds differing from those stipulated in the regulations, industry sources said Tuesday [19 December].

The Governmental Power Reactor and Nuclear Fuel Development Corp. (Donen) mandates that in case of the sounding of fire alarms, the operator should monitor the volumes both of smoke and leaked sodium when shutting down the reactor.

But at the time of the accident, the operator used only the volume of leaked sodium as a gauge for shutting down the reactor and did not pay enough heed to the smoke, thinking it unreliable.

Donen officials said the sodium leaking from a secondary cooling system caused smoke in a pipe-housing unit, thereby setting off an alarm.

The government of Fukui Prefecture, where the reactor is located, has criticized Donen, claiming that the operator's failure to shut down the reactor when smoke was noticed was a violation of the regulations.

On Tuesday, Donen made public part of its self-made regulations, submitted to the government when the company sought approval for the construction of the reactor "Monju."

Donen officials told a press conference that "the operator handled the reactor in accordance with the regulations."

Donen has also submitted its first report to the Science and Technology Agency about the accident.

Meanwhile, the Monju operator reported that progress made in cleaning up the coolant leak may make possible the initiation of a full inspection into the cause of the leak within this year.

Initially, Donen had been scheduled to open a probe into the cause of the accident next February.

On Tuesday, the agency's six-member team started its second inspection of the reactor since Monju was manually shut down in order to gather until Thursday information needed for a full inspection of the cause of the coolant leak.

Meanwhile, an investigation team of one of the ruling coalition partners, the Social Democratic Party (SDP), which inspected the accident site, expressed doubts about Donen's handling of the accident.

"Donen lacks recognition of the seriousness of the accident," Osami Imamura, an SDP House of Representatives member who headed the team, told a press conference in Tsuruga, Fukui Prefecture.

Monju started operations in August and was scheduled to eventually generate 280 megawatts of electricity, making it the world's second largest fast-breeder reactor after the stalled French Super-Phenix reactor.

A fast-breeder reactor is designed to produce more nuclear fuel than it consumes, a technical attraction for Japan, which is poor in energy resources and uses nuclear reactors to meet 33 percent of its power needs.

Japan plans to raise its dependence on nuclear energy to 42 percent by 2010, with the government viewing fast-breeder reactors as the centerpiece of the nation's energy policy for the 21st century.

Committee To Promote Aomori as Reactor Site

OW1812125295 Tokyo KYODO in English 1218 GMT 18 Dec 95

[FBIS Transcribed Text] Aomori, Japan, Dec. 18 KYODO — Business leaders and local government in Aomori Prefecture, northern Japan, set up a committee Monday [18 December] to promote the prefecture as the site for an international experimental nuclear reactor being developed jointly by Japan, the United States, Russia and the European Union.

The prefecture is vying with the town of Naka in Ibaraki Prefecture and Tomakomai in Hokkaido to host the international thermonuclear experimental reactor (ITER), while Japan is also bidding for the site against the other participants in the project.

The ITER is an experimental reactor designed to study nuclear fusion, with the start of operation slated for 2005.

The Aomori prefectural committee is chaired by Kichizo Numata, who heads a federation of chambers of commerce and industry in the prefecture.

It includes Aomori Gov. Morio Kimura, Hiroshi Tsuchida, mayor of Rokkasho which is the site of a number of Japan's nuclear facilities, the head of a company promoting development of the Mutsu-Ogawara region, and the head of Japan Nuclear Fuel Ltd.

Numata told the committee's inaugural meeting that if the ITER comes to Aomori Prefecture, it will boost the prefecture's image and promote greater participation by related industries.

Rift Develops in NFP Over Soka Gakkai Issue

OW1912133295 Tokyo AERA in Japanese 11 Dec 95 pp 14-15

[Article by AERA reporter Toshiaki Miura: "Rift Occurring in New Frontier Party Over Question of Defending Ikeda"]

[FBIS Translated Text] On the evening of 28 November, the National Sports Stadium was caught up in the frenzy of some 47,000 spectators, who were watching two soccer teams vying for the world's top honor in the Toyota Cup tournament. With no winner in the first 90 minutes, the game went into extra time, but still there was no winner, and the winner had to be decided by goal kicks at the end. About that time, at the House of Councillors' building in Nagata-cho, about 300 people - Diet members and their secretaries of the New Frontier Party [NFP] — were engaged in as much fierce battle as these soccer teams were.

There were shouts of "Go home";"You want to get hurt?"; "You, fools"; and "Don't take pictures."

The corridor of the building was filled with curses and excitement. The upper house Special Committee on Religious Foundations had been in turmoil over the question of summoning Daisaku Ikeda, honorary chairman of Soka Gakkai [a large lay Buddhist group], to the Diet as a witness. That evening, about 300 people of the NFP — Diet members and their secretaries — formed a human barricade before a room where party whips were holding a meeting. They were doing this to block an agreement on resuming of the Special Committee session.

Diet Members Were Worried How the Public Would View Them

Some 60 security officers were mobilized, and attempts were made to secure a path for the party whips to get out of the room, but each time, attempts were foiled in the face of human walls. Finally, past 11 o'clock in the afternoon, a notice saying "the committee session today was adjourned" came out, and the human barricade was removed. The people who had participated in the five-hour-long siege looked tired as they retired. One NFP Diet member asked a reporter whom he knew, "How would this incident look to the public?" Indeed, that point was what they were most worried about.

On the following morning, the hometown office of a Diet member, who had come to the NFP from Japan Renewal Party [Shinseito], was flooded with phone calls from his supporters, who had seen the man amidst the barricading people in television news reports the night before.

Their questions were severe: "What in the world is he doing? Why does he have to go so far to protect Chairman Ikeda?"

One Diet man, who had belonged to the Democratic Socialist Party previously, muttered: "Just as I feared, this issue is our Achilles' tendon."

Meanwhile, NFP General Secretary Ichiro Ozawa encouraged them, saying: "Let's fight it out; I will be responsible for it."

But it is possible that a rift will grow within the NFP if this fight drags on long.

As far as the Diet members who had come from Komeito [Clean Government Party] are concerned, if they fail to block this attempt to summon Ikeda, they will hear criticism that "what are you doing there?" from local Soka Gakkai members, and thus they will come to lose face. On the contrary, if they succeed in blocking this attempt for summoning, it will mean their positions in the constituencies are further solidified. However, to other Diet members, the image of "the NFP being nothing but a Soka Gakkai-led party" spreading among the public will invite repulsion from followers of other religions and will cause an anti-Soka Gakkai allergy among their supporters; all of this can work as a negative factor in the next general election.

"We Will Not Accept Making Him Butt of Scorn"

Why does the NFP go so far in order to prevent the summoning of the honorary chairman as a witness? To that question, one official of Soka Gakkai, the primary supporter for the former Komeito, said in anger: "It is an outrageous thing to think about summoning him to the Diet. They want to make him the butt of everyone's scorn." There are so many big-wig politicians who have been summoned to the Diet in the past, and they include such former prime ministers as Morihiro Hosokawa, Noboru Takeshita, and Yasuhiro Nakasone. They have used the occasions to stand as witnesses, and as political opportunities to be "absolved" [of their misdeeds for which they were summoned to testify]. But it will not be the same with Chairman Ikeda.

An NFP official said: "As far as Gakkai members are concerned, the honorary chairman is an inviolable being."

The history of attempts to summon Ikeda to the Diet goes back to 25 years ago when a controversy flared up over the alleged exertion of pressure by Soka Gakkai and Komeito to stop the publication of commentator Hirotatsu Fujiwara's book entitled "Soka Gakkai Cut Open."

The incident, then called the "case of impeding the rights of speech and publication," eventually came to be dealt with in the Diet, and, subsequently, a request to summon Ikeda for questioning as a witness was presented to the Diet.

Political parties, however, failed to come to an agreement on the matter, and the issue of summoning Ikeda was eventually shelved. But later on, Ikeda expressed an apology concerning that incident, and declared that he would "separate politics from religion." This incident was one of the most serious crises Soka Gakkai and Komeito had ever experienced.

Since then, at least outwardly, there has been a line of demarcation drawn between Soka Gakkai and Komeito. Ikeda retired to the position of honorary chairman in 1979, even though he has actually continued to exercise devastating power over both Soka Gakkai and Komei Party.

This time, the Liberal Democratic Party's [LDP] aim [in summoning Ikeda] is to bring down the image of this powerful man. Even in the past, the LDP made an issue of Soka Gakkai so many times from the perspective of requiring the separation of politics and religion — an angle different from that of trying to revise the Religious Foundation Law as at this time. This time, the LDP has gone so far as to demand that the Diet depart from its past practice of deciding to summon someone by unanimous vote and that the Diet make a decision by the rule of majority vote. The LDP's attitude was so tough that even some officials (party whips) of the Social Democratic Party of Japan [SDPJ], which is a partner party in the coalition government, had to warn: "If you continue to persist on the issue of summoning Mr. Ikeda as a witness, the plan to revise the law itself will go awry."

LDP To Fight Gakkai Tooth-and-Nail

The general comment on the LDP's heavy-handed stance is that the party has been encouraged by its victory in the House of Councillors' by-election in Saga Prefecture on 19 November. The race for a seat there was in fact a fight between the LDP and the NFP. But the view of party election committee officials is that greater encouragement came from victory in a mayoral election at Ibaragi Prefecture that was held on the same day.

In the Tsuchiura City, Ibaragi Prefecture election, incumbent Mayor Hiroyuki Sukegawa, supported by the LDP and the SDPJ, beat Kansaku Midachi who was supported by the NFP and the Komei group. The vote count was 35,555 to 22,766. The gap in the votes was considerable in view of the fact that two each of the parties in the ruling and opposition parties fought in it. Adachi is a Komei member who ran from the Tsuchiura district in the Ibaragi Prefecture Assembly election last fall and was elected by majority vote. Since Adachi was a Soka Gakkai member, the LDP attacked Soka Gakkai thoroughly in its campaign to support its candidate in Tsuchiura.

"Soka Gakkai is trying to take control of government by using the NFP. The Aum Shinrikyo group tried to seize power with sarin gas and automatic rifles. Nazis came to power through elections. For us, to win in this election is the first step to destroy the wicked schemes of the wicked force." So declared former Transport Minister Shizuka Kamei, who had come to campaign for Sukegawa in his speeches on a stumping tour.

The outcome of the election was that the votes for Adachi were just a little over the number he had won at the time of the prefectural assembly election — 16,895, which may be said to be the basic votes of Komei supporters.

The lesson the LDP learned from this campaign (according to an LDP election committee official) was: "If we get through in attacking Soka Gakkai, candidates of the Komei group can never get the undecided voters to join their side."

Another Hand-to-Hand Combat?

Conversely, it can be said that the LDP is that fearful of Soka Gakkai. In the House of Councillors' election held last summer, the LDP was beaten by the NFP in terms of the number of votes won in the national constituency. With the collapse of the long reign of the LDP, the organizational votes, which had been made systematic by industries, have been torn from their foundations. The trade unions are no longer bases of support for any parties. The only organizations left with power are religious groups, and the power of Soka Gakkai is foremost among them.

The next House of Representatives' election will be held under the single-seat constituency system. If one supposes that each constituency has about 400,000 eligible voters and about 60 percent of these actually vote, the race will really mean the question of how many can be won from a total of 250,000 votes cast. The LDP thinks the votes of Soka Gakkai members in each constituency comes to somewhere between 10,000 and 50,000. It is evident how influential these votes can be. That is why the LDP wants to beat Soka Gakkai as thoroughly as possible while there is a chance to do it.

As far as the question of summoning Ikeda to the Diet is concerned, it has been agreed after much wrangling that the matter should be deferred to next year's regular Diet session.

The matter ended up that way because the SDPJ and New Party Sakigake [Harbinger], which had followed on the heels of the tough-acting LDP in dealing with it, became scared by the prospect of the situation developing to the point of dissolving the lower house, and they chickened out at the last moment.

The current Diet session did, however, agree to have Soka Gakkai Chairman Einosuke Akiya and other people stand as witnesses on 4 December.

To the LDP, this also means the party still is holding the "card over Ikeda" intact. LDP General Secretary Koichi Kato declared: "We will keep on pushing." One may be able to predict that we will probably be able to see another round of hand-to-hand fighting at the next session of the Diet.

But in the NFP, after a compromise was reached at the Diet, there were voices arguing about it. At the caucus of NFP Diet members of the two houses, General Secretary Ozawa asked: "You mean we should undo this?"

Deputy General Secretary Yuichi Ichikawa responded: "Sure, this should be undone."

The fierce verbal exchanges that took place between these leaders showed there was a clear rift in the party — a rift which cannot be filled in with attempts to smooth things over temporarily.

Sakigake Official on Alliance With NFP Members

OW1912061495 Tokyo KYODO in English 0558 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — New Party Sakigake [Harbinger], the smallest partner in the governing coalition, hopes it can tie up with some like-minded politicians in the main opposition Shinshinto (New Frontier Party), a senior party official said Tuesday [19 December].

"I believe there are a lot of people in Shinshinto who are not happy with the way their party is right now," Sakigake Secretary General Yukio Hatoyama said in a speech on political matters.

"I wonder if some of them can go along with us and act with us if we present something specific," he said, referring to the leading opposition force's nature as an alliance of groups with disparate political interests.

In the same meeting, Shinshinto legislator Shoichi Ide said he welcomes Shinshinto Secretary General Ichiro Ozawa's bid for the party's presidency.

Shinshinto is scheduled to pick its next leader Dec. 28 through an open election. Ozawa and former Prime Minister Tsutomu hata are vying for the top party post.

Representative Kaieda on 'Third Network' Party

952B0224A Tokyo GENDAI in Japanese Sep 95 pp 106-107

[Interview with Banri Kaieda, independent politician and advocate of a third party, by Yoshihito Koeda: "I Am Quite Sure of Success in Forming the Third Network Party"]

[FBIS Translated Text] **Mr. Banri Kaieda: Born in Tokyo in 1949; Graduated from Keio University; Elected for the first time in the 1993 general election after pursuing a career as a commentator; Left the Japan New Party [JNP] in 1994; Belongs to no party at present**

[Koeda] The existence of people having no specific parties to support has suddenly been brought to the fore since the last unified local elections even though the existence failed to effect a specific influence on the recent Upper House election. What do you think of this as a politician?

[Kaieda]: This is the result of loose politics. I perceive it an expression of anger by the people who are shouting, "Hey, wake up, you politicians and parties." When the JNP was born, public opinion surged up and the expectation for this party mounted high. However, things eventually went awry as we saw. I think that a consequent sense of precipitation and disappointment have led to the formation of this breed of people who have no specific parties to support.

[Koeda] The Murayama regime, which was built amid political confusion by the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger], has now lasted more than one year. What is more, it reportedly is poised to hold the seat of power continuously. What is your assessment of this regime?

[Kaieda]: Because I could not afford to join in the no-confidence motion against the cabinet submitted by Shinshinto [the New Frontier Party] at the ordinary Diet session, I left my seat when the motion was put to the vote. Nevertheless, there is no change in my view that this is a strange regime. An ideal form of coalition is found in efforts to enhance political transparency through the process of policy coordination, etc. However, as revealed by the outcome of the Diet resolution concerning 50 postwar years, the actual situation does not reflect such efforts. This is a regime formed through the SDPJ's help to the LDP's rehabilitation bid.

[Koeda] Under these circumstances, Mr. Kaieda, with you as its central figure, "Tokyo Citizens 21," a local party in Tokyo, has launched its business, attempting to bore an airhole in the center-led party system.

[Kaieda]: I do not think that the introduction of the small constituency system in the Lower House will immediately lead to a two-big party system. In the future, through arrangements a bipolar system will develop with one side favoring a large government and the other, a small government and also with one side standing for civil rights and the other, national rights. However, there will be and must be a tripolar system in a transitional period expected to last until one or two elections are held . It is necessary to unite forces standing against the LDP and Shinshinto, that is, to unite liberals from the SDPJ and the former Democratic Socialist Party, our Citizens 21 liberals, and further, part of liberals from the conservative camp.

[Koeda] I can understand your conception quite well, but will it be possible to unite them and form the third force in actuality?

[Kaieda]: Ill-fated further by the Great Hanshin Earthquake, Yamahana's new party scheme was frustrated, and as this indicated, there is a limit to uniting liberals under the leadership of labor unions. In addition, democracy is a medium to form the majority through discussions, and in this process it is immoderate to use a pyramidal form of political parties as typified by those of the 19th century and the 20th century. We should whip up the vitality of democracy in our localities which are to take upon themselves the problems of aging society and welfare in the 21st century. This is what my local party theory signifies. For your easy understanding, I may cite the television network for comparison. As there are central and local stations, so must there be key parties in the center and local parties in regions. In regions, these local parties can deal with problems specific to their localities as well as national-level issues. There are 11 separate blocks in Lower House proportional representation, and this zoning will make it possible to develop local color, will it not?

[Koeda] Former Hokkaido Governor Takahiro Yokomichi, too, is expressing his desire to establish a Hokkaido local party. Is his idea identical to yours?

[Kaieda]: Hokkaido has the same population and economic scale with Denmark in Northern Europe, and in this sense it may be regarded as a kind of independent nation. However, I am in accord with Mr. Yokomichi in the basic perception that vitality of democracy lies in localities, and so I think we can get along together.

November General Election, a Possibility

[Koeda] But seeing this much political confusion in the midst of recession, the people cannot but feel that "the cost of restructuring is too high."

[Kaieda]: What political parties and politicians have been thinking over with regret since the Upper House election is the fact that there is no attractive political party enough to draw people into voting in proportional representation, though this is less the case with constituencies because voters see the list of individual names there. Because of this fact, too, we must build up the third force opposed to the LDP and Shinshinto before next general election. Mr. Yokomichi shares in this view.

[Koeda] Within Shinshinto as well, former Prime Minister Morihiro Hosokawa has hammered out "a Japanese version of the New Deal Plan," and Hajime Funada is playing up his own independent color through contacts with LDP Diet members. Is it also possible for you to tie up with them?

[Kaieda]: I think it is. However, though Mr. Hosokawa's "New Deal" is all right, I would like to have him make a clear-cut summation on the negative aspects of the JNP as I stated at the beginning.

[Koeda] In your view, when will next general election, which has a very important significance, be held?

[Kaieda]: Around the beginning of next year may be a proper time. However, mass media are expected to urge a quick holding, and so there is also a possibility that the general election will be held in November after the supplementary budget for cyclical countermeasures clears the autumn extraordinary Diet session. It will be held by May next year at the latest and so there is not much time left (before the formation of the third party). We will act with rapidity.

'Maneuvers' Over Rice Aid to Pyongyang Viewed

952A0699A Tokyo SHUKAN BUNSHUN in Japanese 6 Jul 95 pp 194-197

[Unattributed article: "Exposing Backstage Maneuvers Over a Rice Supply to North Korea; The Fake of the Humanitarian Aid"]

[FBIS Translated Text] **North Korea gasping with rice shortages has asked Japan to furnish surplus rice to it. Consultations were still underway as of 27 June, but to tell the truth, Japan and North Korea had already made secret contacts repeatedly and agreed on a massive rice purchase by North Korea at a low price. There are now-visible-and-now-invisible shadows of politicians behind these moves. In addition, a suspicion that the supplied rice will be resold to China has also surfaced.**

We offer 300,000 to 500,000 tons of Thai-grown rice at 200.00 U.S. dollars per ton, half the international market price. Condition: F.O.B. (free on board)

The above is a fax message which a grain corporation in China received secretly from a grain company of North Korea (DPRK) on 21 May. The sender's name was "Co. President Kye Sung-hae."

The city where this grain corporation is located is Dandong, a port town at the estuary of Amnok-kang [Korean name] which flows along the Chinese-North Korean border. It is known as a place where North Korea's "Foreign Trade Ministry" installed at a hotel for foreigners in Pyongyang sends its men to purchase rice.

North Korea is extremely short of rice due to unfavorable weather conditions. Therefore, it is now in the midst of seeking a "humanitarian aid" with rice from Japan. What on earth does this fax message imply?

A person concerned with a trading company who is conversant with grain trade between Japan and China says that he could not believe his ears at first when he heard the story about the fax. He makes the following remark: "Ordinarily, fax messages reaching China from North Korea concern the latter's consultations about imports of grains such as corns, wheat, and soybeans. However, North Korea was contrarily offering to export rice in this fax message, and this astonished China's trade- related people."

"Secret Meeting" Held in Pyongyang

On 24 May, three days after the fax message reached [China], a North Korean delegation to Japan headed by Chairman of the Committee for the Promotion of International Trade Yi Song-nok entered Japan through Kansai International Airport to negotiate a purchase of rice.

The ostensible purpose of the delegation's visit was a consultation on the "Japan-DPRK Festival of Friendship and Culture" scheduled to be held in November. If the visit had been aimed at preparing for the festival, the delegation would have included at least a person related with academic and cultural affairs, but it was made up of only those concerned with trade and those with titles connected with the Korean Asia-Pacific Peace Committee.

What is called the Korean Asia-Pacific Peace Committee is another name of the United Front Department of the Workers Party of Korea [WPK]. This is an agency designed to organize people in various positions at home and abroad for the purpose of operations against the South, transcending their ideologies and beliefs, to isolate and overthrow the ROK government, and ultimately to unify the North and the South.

The delegation members passed a night at Miyako Hotel in Kyoto and then went up to Tokyo on the afternoon of 25 May. On the following day, that is, 26 May, they had a breakfast meeting with leading members of the ruling parties such as, from the Liberal Democratic Party [LDP], former Deputy Prime Minister and Foreign Minister Michio Watanabe who was a member of the delegation to North Korea in March, Policy Affairs Research Council Chairman Koichi Kato, and the same council's Deputy Chairman Kosuke Hori; from the Social Democratic Party of Japan [SDPJ], General Secretary Wataru Kubo and Hajime Fukada, member of the House of Councilors; and from Sakigake [Harbinger], Secretary General Yukio Hatoyama and Policy Affairs Research Council Chairman Naoto Suga. Attending from the North Korean side were Chairman Yi Song-nok; Kwak Si-myong, researcher at the Korean Asia-Pacific Peace Committee; Kye Sung-hae, a bureau chief at the Committee for the Promotion of International Trade; and two others.

Please pay attention to the inclusion of a character named "Kye Sung-hae" among members attending. When visiting Japan, his title was chief of a bureau at the Committee for the Promotion of International Trade, but this is the very person who sent the inquiry about the rice export to China through fax as mentioned above.

At the breakfast meeting, Chairman Yi Song-nok conveyed a formal request from the North Korean government and the WPK, saying: "We are short of rice due to unfavorable weather conditions. We would like you to lend a certain quantity of surplus rice in Japan for a certain period of time."

When Mr. Kosuke Hori, deputy chairman of the Policy Affairs Research Council, remarked that "we have 840,000 tons of rice in stock," Chairman Yi instantly asked for help, saying: "It is all right with us if you can extend all of the quantity, but if that is not the case, we would like to ask for even around 80 percent. We want you to lend us as much as possible without fail before the rainy season."

"Around 80 percent" of the 840,000 tons of rice is a quantity enough to cover the rice sale volume as specified as a condition in the fax message sent to the grain corporation in Dandong City.

At this meeting, North Korea made a formal request for the lending of rice for the first time. Guessing from the fax message, it is highly possible that North Korea had already got a feeling in advance that the Japanese side would lend to it at least 300,000 tons or, if things work out nicely, more than 500,000 tons of rice.

Former Deputy Prime Minister Michio Watanabe announced at a study meeting of the former Watanabe faction on 19 May that "there was no mentioning of rice, even no hinting at it at the talks I had while visiting North Korea in March." SDPJ's Dietman Hajime Fukada also testified that "there was no talk on rice, and they said that people there had enough of food, clothes, and dwellings."

Nevertheless, why did the rice issue, which the ruling parties' delegation to North Korea did not even discuss as a formal agenda item, so suddenly develop into a "rice sales" talk only in a little more than one month?

A probe into related backstage maneuvering has revealed a subtle gimmick hidden.

When Japan's delegation to North Korea was engaged in a series of talks in Pyongyang from 28 to 30 March, in fact another separate meeting was also underway secretly.

Attending the meeting were three figures: a character identified on his business card as "Takeshi Yoshida, the Office of Koichi Kato"; Mr. Saburo Sato, man in charge of the same office; and a third person. It is said that they had talks with Mr. Yi Chong-hyok, vice chairman of the Korean Asia-Pacific Committee, and Mr. Kwak Si-myong of the same committee and reached the following "agreement": "North Korea will purchase over 500,000 tons of Thai-grown surplus rice from Japan, and the price will be settled at $150.00 per ton, about a quarter of the international price." The "agreement" is said to also include "a request for a rice aid involving 1 million tons of rice."

If this is a fact, it means that backstage negotiations were conducted to lay the groundwork for the "rice sales" talk. According to a person concerned with a trading firm and conversant with trade between Japan and North Korea, the transaction based on this "agreement" contains the issue of payment as well.

Under the agreement, he says, "the North Korean side was to pay money amounting to hundreds of millions of yen to the Japanese side, and part of this amount was to be remitted to A Bank. Part of the remainder was to be put in corrugated cardboard boxes and carried in hand baggage by Mr. Yi Song-nok, chairman of the Committee for the Promotion of International Trade, on the occasion of his visit to Japan in May."

To be sure, when Chairman Yi Song-nok and his party arrived at Kansai International Airport on 24 May, two corrugated cardboard boxes were seen carried in hand baggage though their contents were unknown. Two persons holding the title of the same committee's guiding worker were guarding the two corrugated cardboard boxes with heavy care.

Greeting the party at Kansai Airport were Mr. Noboru Ueda of the Action Committee for the "Japan-DPRK Festival of Friendship and Culture" and Mr. Hirosato Yamada, secretary to Home Minister Hiromu Nonaka.

Mr. Takeshi Yoshida was waiting for the party at Miyako Hotel in Kyoto, where it was to check in. The party finished its preliminary arrangements with the Action Committee in the morning of the next day, 25 March, and left for Tokyo along with Secretary Yamada.

Visas to the members of the party were issued only four days after their applications. This is an exceptional promptness, compared with one month usually required to get them in case the applicants are North Korea-related persons.

A letter of invitation from the inviter is required for a visa issuance. In the case of this party, the inviter was Mr. Sachimasa Mizutani of the Action Committee of the "Japan-DPRK Festival of Friendship and Culture." Mr. Mizutani is chairman of an association of supporters for Mr. Hiromu Nonaka, currently serving as home minister and also as chairman of the National Public Safety Commission, in Kyoto, Mr. Nonaka's native place.

Now, what is the character named Mr. Takeshi Yoshida who is regarded as a central member in the "sales of rice" talk?

As to his real occupation, he is now managing director of Shin Nippon Industrial, a long-established store of Japan-Korea Trading Co. which reportedly "began trade with North Korea before anyone else in Japan" (a person concerned with Japan-North Korea trade).

Shin Nippon Industrial has handled machine tools, light electric appliances, and surveying instruments as their major export items, and after Toshiba's Cocom [Coordinating Committee on Export Control] rule violation incident, it also turned its hand to the imports of aquatic products and gravel. It has no actual record of handling rice.

The Korean name of Mr. Yoshida's father is Kim Pong-yong. He later bore the Japanese name of Tatsuo Yoshida and acquired Japanese citizenship.

Major business acquaintances of Shin Nippon Industrial are Korean Yongaksan General Trading Co., Korean Kwangmyong Joint Trading Co., and Korean Taesong Trading Co.

It is common knowledge among trading company workers that "both Yongaksan and Kwangmyong are firms belonging to the [WPK's] Second Economic Affairs Department which procures military- related material and technology.

Now-Visible-and-Now-Invisible Shadows of Politicians

It is said that Yongaksan and Kwangmyong are both under the direct control of No. 39 Office of the WPK Central Committee and receive direct instructions from Supreme Commander Kim Chong-il.

Mr. Yoshida's role becomes self-evident when one considers the fact that rice is an important strategic item in North Korea.

In 1989, Mr. Yoshida succeeded in getting acquainted with Mr. Chong Chu-yong, chairman of "Hyundai," a large ROK enterprise, and in getting Mr. Chong to enter North Korea through the cooperation of a person who bore the Japanese name of Hisakichi Yamaguchi and the Korean name of Son Tal-won. In scoring this success, Mr. Yoshida used fellowship among people from the same native place, that is, Mr. Yamaguchi and Mr. Chong are from the same Kangwon Province. Both Yoshida and Yamaguchi entered Pyongyang, accompanying Chairman Chong Chu-yong.

According to a person who knows Mr. Yoshida's father, his father "Tatsuo had close relations with the WPK's Investigation Department while engaging in business activities." In short, the father and the son are "patriots" who have displayed loyalty to North Korea through two generations.

It has also been disclosed that in February this year, before the Japanese delegation visited North Korea, Policy Affairs Research Council Chairman Koichi Kato dispatched the same council's Deputy Chairman Kosuke Hori to Singapore to make a secret contact with the North Korean side.

According to a person concerned with Japan-North Korea trade, this Singapore meeting is regarded as a "preliminary" to the current rice aid request.

The figures whom Mr. Hori met then were Mr. Yi Chong-hyok, who was a confidant of WPK Secretary and Korean Asia-Pacific Peace Committee Chairman Kim Yong-sun and was serving as the same committee's vice chairman; and Kwak Si-myong, an interpreter and the same committee's researcher.

As stated above, in late March both Mr. Yi Chong-hyok and Mr. Kwak Si-myong met with Mr. Takeshi Yoshida and Mr. Saburo Sato who joined the ruling parties' delegation to North Korea then.

Mr. Kwak Si-myong not only attended the secret Singapore meeting in February, but also accompanied Chairman Yi Song-nok and his party on their visit to Japan in May and the latest visit to Japan by another delegation which started on 24 June.

Which on earth brought up the "rice sales" talk first, Japan or North Korea?

A meeting was held at the Association of Korean Residents in Japan [Chongnyon]'s Central Institute in Hachioji, Tokyo on 1 June, attended by chairmen of Chongnyon's local headquarters across the nation. Speaking at the meeting, Chongnyon First Vice Chairman Yi Chin-kyu made the following noteworthy remarks:

"Japan's mass media are making reports contradicting actual facts with regard to the rice issue. To tell the truth, Watanabe (as actually called without mistering him; same hereafter) told us that Japan had surplus Thai-grown rice amounting to 840,000 tons and that because it cost money to store the rice, he would like to ask us if we would purchase it.

"We have thus far never asked Japan for rice. Proposed by Watanabe, we replied that, if the sale was what you wanted, then we would buy it. However, we also said that we would pay the price after a 10-year grace period.

"In addition, Watanabe visited the Chongnyon's central office and asked if we would accept 300,000 tons of South Korean rice, too. We answered that we could never accept South Korean rice."

First Vice Chairman Yi thus asserted that former Deputy Prime Minister and Foreign Minister Michio Watanabe worked upon them first.

Putting all accounts of related persons together, the "rice sales" talk comes down to purchasing the rice at a quarter of the international price and reselling it to China at half the international price.

A check into the Finance Ministry's statistics on customs clearance in six months from November 1993 to April 1994 reveals that the average price per ton is 51,530 yen. A quarter of this price is 12,882 yen (converted at the rate of 90 yen to the dollar).

In that case, the price set in the "agreement" between the Koichi Kato Office's Secretary Saburo Sato and Mr. Takeshi Yoshida and related persons of the North Korean side during the Japanese delegation's visit to Japan in March seems to be reasonable in a general sense. At that time, the price agreed on was about $150.00 per ton, which was said to be a quarter of the international price.

Huge Profit "With Wet Fingers"

As described in the fax mentioned at the beginning of this article, If North Korea sells the rice—purchased from Japan at a price of $150.00—to China for $200.00, it will earn a profit of $50.00 per ton, and the profit will go up to $25 million in case the deal involves 500,000 tons (2.25 billion yen at the conversion rate of 90 yen to the dollar).

If the "rice sales" to China is a fact, it means that North Korea will earn a huge profit "with wet fingers." What is more, if the rice is furnished free of charge, North Korea's profit will be immeasurably large.

On 23 June, Mr. Yi Chong-hyok and his party on a visit to Japan to discuss the rice aid issue entered into practical talks immediately.

The Japanese side argued that 300,000 tons would be sold on a deferred payment basis and that the price would be paid back for 20 years after an initial grace period of 10 years. It proposed that the international standard price be applied and that the interest rate be set at 3 percent. The Japanese side asked for the "transparency of uses" because of an earlier report that the rice "would be resold to a third country" and "would be used to secure a stock for military use."

The North Korean side was strongly opposed to this argument, saying that "the aid this time is supposed to be unconditional." It stiffened its position, making the following remarks: "We thought that we would be helping Japan which was at a loss how to dispose of its surplus rice. What it is saying now is different from what the LDP said in preliminary talks. We will protest LDP Policy Affairs Research Council Chairman Koichi Kato who acted as go-between." The North Korean side could not narrow its difference with the Japanese side which contended that "it is natural to ask for the transparency of uses because what is being used here is our people's tax money." The negotiations were thus called off.

The reason was that the Japanese side and the North Korean side could not find a compromise regarding the sales quantity: the Japanese side stuck to a total of 300,000 tons to be supplied both in grant and on a payment basis, while the North Korean side asked for 1 million tons.

Ultimately, some additional quantity is expected to be worked out along with the claim of the North Korean side, but the figures brought up at this latest meeting are strangely in accord with the figures on which Takeshi Yoshida and Saburo Sato reportedly reached "agreement" with Asia-Pacific Peace Committee Vice Chairman Yi Chong-hyok and the same committee's researcher Kwak Si-myong.

Was this merely a casual coincidence?

Efforts were made to get to the bottom of a series of opaque backstage moves by asking questions to Mr. Michio Watanabe, Mr. Koichi Kato, and his office's Mr. Saburo Sato and Mr. Takeshi Yoshida.

Mr. Watanabe denied any dubious practice, saying that "there is nothing that raises suspicion." Stressing "national interest" eagerly, he added: "The rice supply was asked by the North Korean side, and our side gave no word at all. Whether to supply it or not should be judged strictly from the position of national interest. The story about resales to China 'is said to be groundless' according to a notification from North Korea."

Several attempts were made to contact Mr. Kato and Mr. Yoshida, but their answers could not be obtained. Mr. Sato only answered that "It is not true that a [separate] talk was held in Pyongyang during the visit to North Korea in March."

Takemura, Eto Agree To Raise Defense Budget

OW1812235595 Tokyo KYODO in English
2305 GMT 18 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — Finance Minister Masayoshi Takemura and Defense Agency chief Seishiro Eto agreed early Tuesday [19 December] to raise defense spending for fiscal 1996 by 2.58 percent over the current defense budget to 4,845.5 billion yen, Finance Ministry officials said.

The figure is a sharp increase compared with the 35-year low 0.855 percent in fiscal 1995. Defense spending for the current fiscal year totaled 4,723.6 billion yen.

The sum set aside to procure front-line equipment such as tanks and jet fighters totals 835 billion yen in fiscal 1996, which begins April 1 next year.

Eto called for defense expenditure for fiscal 1996 to be 4,860.6 billion yen, a 2.9 percent rise over the current budget.

But Takemura had proposed in a meeting Monday night a raise in defense spending of below 2.4 percent.

The budget negotiations between Takemura and Eto followed a series of meetings among officials in charge of defense policy of the three ruling coalition parties — the Liberal Democratic Party, the Social Democratic Party (SDP) and New Party Sakigake [Harbinger].

The SDP had demanded the increase should be capped at 2.1 percent, the average annual growth rate for a 25.15 trillion yen five-year defense buildup program beginning in fiscal 1996.

Reportage on FY96 Budget Process, Outlays

'Basic Policy' Set

OW1512140895 Tokyo KYODO in English
1339 GMT 15 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO — The three ruling coalition parties Friday [15 December] set a basic policy toward the compilation of the fiscal 1996 national budget, targeting full economic recovery and structural economic reforms.

The governing coalition's budget compilation policy was adopted at a meeting of policy-makers from the three parties — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake.

The parties call on the government to put the economy on a domestic demand-led sustainable growth track under the budget for the fiscal year that starts April 1, 1996.

While admitting the need for Japan to issue a large amount of deficit-financing bonds for the fiscal 1996 budget due to a tax revenue shortage, the ruling coalition urges the central and local governments to promote thorough administrative reform.

On the basis of the policy, the Finance Ministry will present its draft budget next Wednesday.

The government will formalize the fiscal 1996 budget Dec. 25 after negotiations between the Finance Ministry and other government ministries and agencies on the restoration of spending items.

As measures for sustainable economic growth and structural reforms, the budget compilation policy stresses the need for Japan to deal with a structural change in the labor market and secure job opportunities by creating new businesses and industries.

It says Japan has to tackle such goals as expanding the "economic frontier" and reinvigorating regional economies.

The governing coalition also calls on the government to improve the social, housing and telecommunications infrastructure under its new 10-year public investment plan totaling 630 trillion yen.

To promote administrative reform and reconstruct fiscal conditions, the basic policy calls for a review of government- affiliated organizations, further deregulation efforts, the consolidation of subsidies and disclosure of information.

On defense-related expenditures, the basic policy says the government should maintain defense capability under the new guidelines recently adopted for defense policy in the post-Cold War era.

The coalition also says the government should steadily implement measures to reconstruct the areas of western Japan which were hit hard by January's earthquake and strengthen efforts to minimize damage from disasters.

To attain a safe society, it is necessary to strengthen Japan's police system amid an increasing number of violent crimes, including the poison gas attack by the Aum Shinrikyo religious cult on the Tokyo subway system, the coalition says.

Figures Detailed

OW1612123495 Tokyo KYODO in English
1928 GMT 16 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO — The following is an outline of the Ministry of Finance's national budget proposal for fiscal 1996, which starts next April, in billions of yen. The proposal is to be submitted to other ministries and agencies next Wednesday [20 December].

	Fiscal 1996	Fiscal 1995 (preliminary)
General account total		
	74,000	70,798.1
Revenues		
Tax and stamp revenues	51,000-51,500	53,731.0
Nontax revenues	2,500	4,485.6
NTT proceeds	170	1,725.0
Government bonds	Some 20,000	12,598.0
Construction bonds	Nearly 10,000	9,746.9
Deficit-covering bonds	Some 10,000	2,851.1
Expenditures		
General expenditures	Some 43,000	42,141.7
Carryover to special account(NTT and bond proceeds)	1,300	2,408.7
Government bond servicing	16,000-16,500	13,221.3
Tax grants to local governments	Some 13,000	13,215.4

Deficit Bonds Needed

OW1812092295 Tokyo KYODO in English
0816 GMT 18 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 18 KYODO — The Japanese Government will have to issue deficit-covering bonds, for which no redemption funds will be set beforehand, as part of the initial budget for fiscal 1996, a government advisory panel said in a report Monday [18 December].

The situation, arising for the first time in seven years, is "very regrettable, though it is inevitable given the unfillable gap between state income and spending," the

Fiscal System Council said in its proposals on the fiscal 1996 budget compilation.

The panel described as "extremely serious" the strains on government expenditure resulting from bulging public debts the balance of which is expected to top 220 trillion yen by the end of fiscal 1995.

"Japan's finances are in such a critical condition that they might fall into an irrevocable situation unless a radical commitment is made," the panel said.

In light of the fast deteriorating fiscal structure, Japan should tackle the urgent need to improve its financial health, so that it will not pass excess burdens on to later generations, according to the panel.

To achieve healthier finances, the panel urges the government to distribute limited financial resources in an efficient and focused fashion, the panel said, adding budget ceilings will continue to play a big role in streamlining expenditure.

in compiling the fiscal 1996 budget, the government should honor the purposes of reserves for focused public works spending and extra allocations for promoting academic studies in key areas for Japan's economic progress in the 21st century, it said.

The panel also said the government should step up construction bond issuance, given the need for stable social infrastructure development from a long-term perspective.

On the "hidden debt" practice, in which the government appropriates funds under special account budgets for use in the general account budget, the panel said, "it should be reduced to a bare minimum after more discreet consideration than ever."

The panel urged the government to resume putting money into reserves for government bond redemption which are running short.

Considering an expected decline in fiscal 1995 tax revenues for the fifth straight year-on-year contraction, the government will have to draw up a third supplementary budget to finance the revenue gap with deficit-covering bonds, the panel said.

Meanwhile, the panel released a set of proposals for cutting back and streamlining government spending.

On the social security front, the panel called for sweeping reform of the medical insurance system and the rationalization of medical expenses through restrained growth in clinical charges and other measures.

The panel also called on the government to hold down front-line equipment contracts under the defense budget in line with a fiscal 1996-2000 defense buildup program adopted by the cabinet of Prime Minister Tomiichi Murayama on Friday.

The program calls for total spending of 25.15 trillion yen, with annual growth averaging 2.1 percent, the same pace as in the previous five-year scheme.

General Spending To Rise 2.4%

OW1812001095 Tokyo KYODO in English 2306 GMT 17 Dec 95

[FBIS Transcribed Text] Tokyo, Dec; 18 KYODO — The Finance Ministry plans to earmark 43.1 trillion yen for general operating expenditures for policy measures in the fiscal 1996 budget, up 2.4 percent from the initial budget for the current fiscal year, according to ministry officials.

The planned growth of the expenditures — the general account budget minus tax grants to local governments and debt-servicing costs — is lower than the 3.1 percent growth in the current fiscal budget.

The ministry intends to hold down the growth in defense spending for fiscal 1996 starting next April below the planned 2.4 percent growth in the general operating expenditures, the officials said.

Finance Minister Masayoshi Takemura and Defense Agency head Seishiro Eto will meet Monday to negotiate on the defense budget, they said.

The ministry's fiscal 1996 budget proposal also calls for curbing growth rates of allocations for official devebopment assistance (ODA) and culture and education, they said.

But the ministry plans to secure an increase of more than 4 percent in spending on public works projects for the sixth straight year as a means of revving up the stagnant economy, the officials said.

Inclusive of the tax grants to local governments and debt- servicing costs, the fiscal budget will total about 4 trillion yen, up 4 percent from the initial budget for the current fiscal year, they said.

The ministry will draft the national fiscal 1996 budget plan Wednesday.

Tax Revenue, Debt Examined

OW1812141495 Tokyo KYODO in English 1314 GMT 18 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 18 KYODO — The fisbet size [words as received] will post the highest growth in for years due to a sharp rise in national debt servicing costs, the sources said.

The ministry is scheduled to present its draft budget Wednesday for the fiscal year that starts in April 1996, and the government is expected to adopt it on Dec. 25 after negotiations on the restoration of spending items.

The sources said general operating expenditures for fiscal 1996 are estimated to rise a meager 2.4 percent to slightly more than 43.1 trillion yen.

General operating expenditures — general account spending minus national debt servicing costs and tax grants to local governments — cover social welfare, public works and other outlays for government policy measures.

Because of a huge amount of outstanding government bonds, the ministry will have to earmark more than 16 trillion yen for national debt servicing costs, up as much as 20 percent, the sources said.

On the revenue side, meanwhile, tax revenue is estimated to be limited to slightly more than 51 trillion yen amid Japan's prolonged economic slump, they said.

The estimated amount is as much as 11 trillion yen less than the 62.5 trillion yen tax revenue in the initial fiscal 1992 budget.

To cover the huge revenue shortage for fiscal 1996, the Finance Ministry will be forced to issue more than 10 trillion yen in deficit-covering bonds, the sources said.

The total amount of government bonds to be issued in fiscal 1996, including construction bonds for public works projects, will top 20 trillion yen, they said.

The total spending size could swell further if the government decides to earmark funds for the planned liquidation of seven ailing housing loan companies, the sources said.

If the ministry goes ahead with its plan to use fiscal funds for liquidating the companies heavily saddled with bad loans, up to 600 billion yen could be earmarked under the fiscal 1996 budget.

In compiling general operating expenditures for fiscal 1996, the Finance Ministry plans to set growth in outlays for official development assistance (ODA) at a record low 2.8 percent, the sources said.

The lowest ODA growth seen so far was the 4.0 percent increase in fiscal 1994.

The ministry is also seeking to limit growth in education and defense spending to levels below the increase in general operating expenditures.

For science and technology-related expenditures, however, the ministry plans to secure an increase topping the 7.5 percent rise in fiscal 1994 to help promote Japan's structural economic reforms.

Expenditures related to public works projects, including those to be carried out with the proceeds from sales of government-owned Nippon Telegraph and Telephone Corp. (NTT) shares, are estimated to post growth of more than 4 percent, the sources said.

The ministry will resume regular allocations from the general account to the national debt consolidation fund for the first time in four years, the sources said.

The step is also behind the sharp 20 percent increase in national debt servicing costs, they said.

The fixed-amount allocations from the general account to the fund which was created to secure fiscal resources for the upcoming redemption of government bonds have been suspended for fiscal 1993-1995 in a bid to reduce the appearance of budgetary spending growth.

But such fiscal management, depending on "hidden debt" through account manipulation, has come under fire and there have been growing calls for "transparency" in the government's fiscal policy.

In the fiscal 1996 budget, the ratio of revenue from the issuance of government bonds to overall revenue will stand at a 16-year high of about 27 percent, the sources said.

But the tax revenue ratio will fall below 70 percent for the first time in 13 years, they said.

LDP, Keidanren Agree on Relocating Capital

OW1912060695 Tokyo KYODO in English 0513 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The Liberal Democratic Party (LDP) and the nation's most powerful economic organization agreed Tuesday [19 December] on the need to relocate Japan's capital away from Tokyo, officials said.

The agreement came at a meeting at a Tokyo hotel of Kiyoshi Mizuno, chief of an LDP task force on administrative reform, Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), and some 30 other Keidanren leaders, the officials said.

"Deregulation, fiscal reform and decentralization of power are important, and the relocation of the capital will promote them," toyoda was quoted as telling the LDP officials.

Beside Mizuno, two other LDP members on the task force took part in the meeting. The LDP is the leading force in Prime Minister Tomiichi Murayama's tripartite ruling coalition.

A government advisory panel on changing the site of Japan's capital submitted its final report to Murayama last Wednesday, urging that government functions should be shifted to a location up to 300 kilometers from Tokyo.

The report called for the selection within two years of candidate sites for the new capital, for construction to begin by the end of this century and for Diet sessions to be held there within 10 years from the beginning of the construction.

Ministry Approves Trust Units for Bank Business

OW1912044495 Tokyo KYODO in English
0350 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The Finance Ministry has approved the trust subsidiaries of Dai-Ichi Kangyo Bank and Sanwa Bank the rights to operate in both trust and banking businesses, ministry officials said Tuesday [19 December].

Dai-Ichi Kangyo Trust and Banking Co. and Sanwa Trust and Banking Co. are fully owned trust subsidiaries of the respective parent banks.

Among trust subsidiaries of other major commercial banks, those of the Bank of Tokyo and Tokai Bank have already had such rights approved.

Electricity, Gas Utility Rate Cuts Announced

Hashimoto States Goal

OW1912044695 Tokyo KYODO in English
0329 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — Cabinet ministers approved a cut in gas and electricity rates effective Jan. 1 at a meeting on prices held before Tuesday's [19 December] regular cabinet meeting, International Trade and Industry Minister Ryutaro hashimoto said.

"Approval was given to an average 4.21 percent cut in rates among the 10 electricity companies and an average 0.47 percent cut by the three major gas firms," the minister told reporters after the cabinet meeting.

Hashimoto will formally approve the rate reduction later Tuesday.

"I hope the cut in rates will bring good effects for the people and industries," he said, noting that the reduction totals an annual 617 billion yen.

MITI Specifies Cuts

OW1912060795 Tokyo KYODO in English
0532 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The Ministry of International Trade and Industry (MITI) approved rate cuts Tuesday [19 December] by the nation's 10 electric power companies and three major gas firms.

As from Jan. 1, electricity utilities, which had applied to the ministry for an average cut of 3.04 percent, will cut their rates by a larger margin of 4.21 percent.

As a result, the monthly electricity bill for an average household will be reduced by 264 yen.

Meanwhile, the three gas companies will cut their rates by an average 0.47 percent, the equivalent of a fall of 49 yen in the monthly gas bill.

On average, the three firms had applied for a 0.24 percent rate rise, with Tokyo Gas Co. seeking a fee hike of 0.50 percent.

MITI, however, decided to instruct all the gas companies to reduce their rates and also took a strong stand on electricity rates, setting the reduction in the 4 percent level instead of the 3.9 percent that the ministry earlier planned.

The ruling coalition parties had been pressing the ministry for further cuts in the utility charges.

In deciding on the rate cuts, the ministry adopted the "yardstick" method for the first time, ranking the companies according to their costs and rationalization measures.

Under the method, bigger reductions in fees are imposed on companies with higher costs, to encourage streamlining efforts. The ministry assessed the costs of power generation, transportation and general costs to be high at Tohoku Electric Power Co., Chugoku Electric Power Co. and Kyushu Electric Power Co., and thus ordered larger cuts in their rates.

Planning Agency Comments

OW1912061595 Tokyo KYODO in English
0537 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The planned cut in gas and electricity fees is expected to lower the consumer price index (CPI) by 0.08 percentage point and the wholesale price index by 0.15 point in fiscal 1995, the Economic Planning Agency (EPA) said Tuesday [19 December].

The lower consumer and wholesale prices are expected as a result of the average 4.21 percent cut in electricity rates and average 0.47 percent drop in gas rates to be effective from Jan. 1.

The Ministry of International Trade and Industry formally approved of the rate cut Tuesday afternoon.

University Researchers Note Cold Fusion Success

OW1912151895 Tokyo KYODO in English
1454 GMT 19 Dec 95

[FBIS Transcribed Text] Osaka, Dec. 19 KYODO — Japanese university researchers said Tuesday [19 December] they have succeeded in making nuclear fusion occur at room temperatures in a new method using a double cathode of a palladium cylinder and palladium powder.

Yoshiaki Arata, professor emeritus at Osaka University, and Getsujo Cho, visiting professor at the same national university, said they confirmed the creation of a large amount of helium as a byproduct of nuclear fusion.

In their experiment, a negatively charged palladium cylinder containing palladium powder was put into a positively charged platinum cylinder containing heavy water.

When they applied 5 amperes of electric current to the cylinder for several hundred hours, it generated heat for several thousand hours.

Heavy hydrogen entered into the palladium powder through the palladium cylinder, triggering nuclear fusion, they said.

In order to confirm the occurrence of nuclear fusion, the two researchers heated the powder to some 1,000 C [celsius] at a research lab.

Through the process, they confirmed the presence of one million to 10 million times more helium in the powder than in the air, an apparent byproduct of nuclear fusion.

Arata said he repeated the experiment several times and obtained a similar result every time.

The concept of cold fusion created a furor in scientific circles when two U.S. researchers reported the phenomenon in 1989.

But a majority of researchers became skeptical about it after failing to confirm the phenomenon through similar experiments.

NTT, U.S. Firm Agree to Multimedia Project

OW1812121495 Tokyo KYODO in English
1129 GMT 18 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 18 KYODO — Nippon Telegraph and Telephone Corp. (NTT) said Monday [18 December] it has agreed with TV Interactive Corp. of the United States to cooperate in multimedia service using infrared remote control technology.

The domestic telecommunications giant said it will try to promote multimedia service for household use with TVIQ interface technology and other systems being developed by the U.S. partner.

TVIQ helps users call up necessary information from a database onto TV and personal computer display panels via a remote control device, the company said.

Expedited Opening of Communications Market Urged

952A0812A Tokyo EKONOMISUTO in Japanese
12 Sep 95 pp 56-58

[Article by Jiro Kokuryo, professor, Keio University Business School]

[FBIS Translated Text]**Rate System Inhibits Demand**

There is a growing awareness that communication rates are a problem as we face the coming multimedia age. This is a point which this writer has often made over the past year. To restate the problem, Japan's telecommunication rates are not only too high, there is an underlying structural problem which has to be addressed.

The reason it has become so important to revise the structure of Japan's telecommunications rate system at this time is the current outlook for an accelerated growth for next year in so-called multimedia services—ATM [asynchronous transfer mode] communication services and access-line services to the Internet, for example—which will form core elements of the communications industry of the 21st century. Under what kind of rate system should these services be provided? How that question is answered will have an important impact on the level at which the "informationalization" of Japanese society will proceed as well as the form we can expect it to take. The time is fast approaching when the relevant actors—not only those in the communications industry or in the government agencies that oversee it but also users and equipment makers—must aggressively state their views.

In this article, the author would like to point out two specific problems. The first is the extremely high rates computer users and others must pay for using Japan's phone lines. A typical example are intra-city phone rates. Compared to the United States where intra-city calls are generally based on a flat rate (each call, no matter how long, is billed at the same rate), in Japan, city calls are based on a steep metered-rate system.

This system was established in the aftermath of World War II, when communication lines were still unable to handle a sufficient volume of calls and at the same time, there was an immediate need to provide phone and communication services to as many people as quickly as possible. The idea was to have more subscribers share Japan's then poor facilities, and a metered system was set up which penalized large-volume users. The motive behind the metered-rate system which was put into effect in 1971 is said quite frankly to have been to restrict the use of the lines by computers. Having had the intended effect, the rate system has hampered the development of computer networks. Consequently, the Japanese market for information systems has been late in developing, and not only the vitality of the information industry, which has had to contend with these obstacles, but that of the economy as a whole has suffered.

There have been clear signs over the past two years or so of efforts by the communications industry and government administrators, much to their credit, to improve the current rate system. The introduction of a flat-rate system for late night calls to special numbers and lower long-distance charges for leased lines are cases in point. So, too, is the introduction of a diversified rate menu for portable phones. The easing of restrictions on the resale of leased lines is also a positive step forward. Unfortunately, however, these are limited measures which can hardly be called well coordinated. Nor can moves which have been seen recently, such as the fee hike for long-distance leased lines (probably the most common form of access line), be considered in step with the times. A basic solution to the problem still hasn't been found.

The problem with a rate system that inhibits rather than encourages demand has been pointed out repeatedly, and no more will be said here. It is a problem, however, whose importance cannot be overemphasized. A number of steps must be taken before "demand-encouraging rates" can be introduced—for example, measures to insure fair earnings for businesses and to maintain the public nature of the services. The special nature of the new technology to be introduced must also be taken into account. In suggesting approaches to a solution to the problem, the author has taken such considerations into account in a recent article, "Rates By Service Class and By Access Line Capacity" (in *Open Network Management*), which readers will hopefully find a useful reference.

Opening, Deregulating Market

The second problem to be underscored here is that neither the process of determining rates nor the structure of the rate system assumes a fully competitive telecommunications market. Consequently, despite a global trend toward deregulation, the future outlook for Japan's telecommunications industry does not seem to include the possibility of its extricating itself from the current approved-rate system.

Ten years after the breakup of AT&T, the United States is in the process of establishing a framework that will move its telecommunications industry from "managed competition" to "full-fledged competition." In other words, based on the "rule" that companies which have a monopoly on certain services must make these services available to their competitors as well, a system is being created which 1) eliminates regulations that would prevent the cross entry of communication companies into each other's [territorial or service] domain and 2) makes the entire telecommunications market competitive. This will enable regional phone companies mutual entry into other regions and long-distance service providers entry into the regional telephone business.

Being envisioned and realized are companies, in competition to develop a nationwide network of telecommunication services, each pitting their services against those of rival companies in every region of the country. As this prospect for full-fledged competition opens up, rates too will become more competitive.

Japan, on the other hand, is still following an approach, based on technology that is over a decade old, which divides the telecommunications market into city, suburban and regional districts; nor has there been any attempt to change the oligopolistic system that has been established by way of regulatory prohibitions on cross entry. Yet it is clear from past experience that an approach which tries to create fair competition by cutting up the industry, building barriers (to cross entry) and segregating services will only mass produce regional monopolies and oligopolies. Under these circumstances, no end is in sight for Japan's approved-rate system. Nor will there be an end to the government's escort system, which determines by way of permits and licenses who will or will not operate a business and, by way of its approved-rate system, limits one of the most important elements of competition.

Recently, the severe lack of transparency in the decisionmaking process behind approved rates became an issue in the confusion surrounding rate changes for NTT's leased lines. Those of us who were not allowed behind the deliberative committee's closed doors have no way of knowing what actually happened, and we should probably refrain from making judgments based only on news reports and hearsay. Rather, what should be emphasized is that the time has come, now that the possibility is here for letting competition into the telecommunications field and for freely setting rates, to introduce competition and eliminate the framework where rates are set by way of government approval.

It may be helpful to explain briefly what a rate system which is based on competition and which encourages it is like. The trend in the United States and England toward opening up telecommunications networks and unbundling rates and services provides an important perspective.

To create an open network means taking the services that were formerly provided as part of a system and dividing them into functional categories, each with a service menu [list of service options] and set of rates (unbundling). These then are made public. Competitors must be offered the same rates and technology for these services as are offered to other business divisions within the service provider's own company.

For example, a telephone system is made up of switching devices and phone lines. In the past, these two components formed a single phone service for which there was one rate menu. Today, it is possible to separate these two components, and a company that only wants to provide switch service can do so. A service menu and rate table will have been prepared so it can be provided with telephone line service. This hypothetical example is more than just idle fancy. The day is fast approaching when a foreign company, coming to Japan, will be able to set up switch equipment that operates on software developed overseas, borrow the phone lines of a domestic provider and develop advanced telecommunication services here.

The importance of an open network is that it provides the means for large-scale competition in the telecommunications industry. The following chart [chart not translated] shows the kind of structure that becomes possible with an open network. Even without being able to enter every regional market with a full set of services, at least by entering parts of the network, companies can make their presence felt throughout the system, and the telecommunications industry as a whole will be in a state of competition. It is especially important that competition be realized early in the development of network services.

By helping to bring about competition, open networks like this will have another important function. Through them, companies like NTT Corp. or cable TV providers and new common carriers that straddle more than one service area will have to offer competitors who want access to their services the same wholesale prices as they offer divisions within their own companies. For monitoring purposes, those in the telecommunications business will be required to disclose relevant corporate information. By applying this principle, the industry can rid itself of all entry barriers.

Through this series of market openings, overseas carriers and companies with creative telecommunications software can develop diverse network services. Furthermore, businesses, which are currently divided by region or service, will mutually enter each other's territory.

Price Formation Through Free Competition

Within an openly structured telecommunications industry, the only public intervention required will be in the form of government agencies monitoring the industry to see that the unbundling principle is carried out—in other words, to watch for a fair, nonmonopolistic provision of services by and between companies. In the competitive atmosphere that results, rates will be determined competitively. The market will be able to assume its proper role, which is to determine prices, and move away from the present model, where rates are set in disregard to the needs of customers by government approval.

Unfortunately, even while the author was writing this article, he was fully aware that the situation in Japan is so behind the times that a call for the immediate "elimination of the approved-rate system" is clearly unrealistic. However, Japan cannot stay behind forever. It must be urged to begin grappling with the task of creating a lively, vigorous information and communications industry by creating an open telecommunications system and liberalizing its rates.

Use of Public Funds in Bailouts Assessed

952A0706A Tokyo SHUKAN TOYO KEIZAI in Japanese 22 Jul 95 pp 12-15

[Article by financial issues staff]

Involving Insurance Firms

[FBIS Translated Text] When accounting irregularities were first discovered at Toho Mutual Life Insurance Co., the Ministry of Finance was at a loss over how to handle the situation, according to the head of a leading life insurance firm. "Initially, the Finance Ministry opposed the idea of liquidating Toho. Today, the rescue of Toho by another life insurance firm is not feasible. This is because the business outlook for the entire life insurance industry is uncertain, even for the industry leader, Nippon Life Insurance Co.," the source said.

Toho registered a recurring loss in fiscal 1993 (ended March 1994), the first Japanese life insurance firm to do so in the post-war era. In fiscal 1994, its recurring loss more than doubled from the previous period to 44.8 billion yen.

Citing his responsibility for Toho's two consecutive years of losses, company President Seizo Ota announced his resignation at the company's general shareholders' meeting on July 4. He led the company for eighteen years. Mr. Ota has the dubious distinction of being a former boss of a defendant in the Itoman Corp. scandal and directing Toho's decision to place a huge amount of deposits in the ailing credit cooperatives, Tokyo Kyowa Credit Corp. and Anzen Credit Cooperative.

The irregularity of Toho's books was highlighted by the high level of refunds from its liability reserve, which reached 209.8 billion yen. A liability reserve is money set aside for the payment of future insurance claims. When life insurance contracts are growing steadily, additions to the reserve usually exceed the amount of refunds, resulting in a net transfer of funds into the reserve. Toho created quite a stir as the only life insurance firm in Japanese history to record net refunds from the liability reserve.

Toho was forced to withdraw huge amounts from the liability reserve due to a decline in its volume of new contracts (individual insurance contracts fell 18% from the previous period), coupled with the cancellation, write-off and expiration (without renewal) of a large volume of existing contracts. Insurance premiums from lump-sum insurance payments linked to financial instruments fell 52.0 billion yen and premiums from individual pensions by 13.5 billion. In the next three years, more than 130 billion yen will flow out of its lump-sum old-age insurance contracts. Toho is Japan's only life insurance firm to post a net decrease in its balance of corporate pension funds. The disposal of financially-engineered products with high expected rates of return will support its profits in the future. Still, one has to wonder whether Toho's fund position is sound, given the huge amount of contract withdrawals and expirations.

Toho claims a high degree of liquidity, with 380.3 billion yen in cash and deposits and 28.0 billion in call loans. However, its balance of cash, deposits and call loans is down more than 100.0 billion from a year earlier. Meanwhile, its sales of real estate in March 1995 reached 61.9 billion yen. Insurance industry sources speculate that Toho contrived extraordinary gains by selling its headquarters building in Tokyo's Shibuya Ward, an annex building in Hiroshima and a branch office in Sendai to affiliated firms. Toho flatly denies this.

A rescue scenario for Toho has already been created, according to a senior executive at a life insurance firm. "In conjunction with insurance law reforms next year, the government will establish a subsidy fund for insurance policy holders, equivalent to the banking industry's Deposit Insurance Corporation. The shortage of 200 billion yen in Toho's liability reserve will be covered by this fund. A consensus has been reached."

Put another way, no Japanese life insurance firm is financially strong enough to bail out Toho by itself. Toho is not the only life insurance firm to experience a marked deterioration of earnings recently. As shown in the graph on p. 14 [not translated], only four life insurance firms posted a real profit in fiscal 1994 (that is, without the help of gains on stock sales). These are Nippon Life Insurance, Dai-ichi Mutual Life Insurance Co., Sumitomo Life Insurance Co. and Daido Mutual Life Insurance Co. On a post-dividend, taxable income basis (excluding gains on real estate sales and valuation gains), however, every life insurance firm showed a loss. This is a more accurate picture of a life insurance firm's finances because dividend obligations ought to be recognized as an expense. The industry's desperate financial maneuvering is frightening.

Life Insurance Firms' Fundraising Cost Exceeds Their Investment Return

The most prominent financial maneuver that life insurance firms have turned to is a graduated-deposit method for recording additions to the liability reserve. Under this accounting method, additions to the liability reserve are initially less as compared to the sound "net premium" method, but higher later on. According to our calculations, Daihyaku Mutual Life Insurance Co. and Chiyoda Mutual Life Insurance Co. "saved" 50-60 billion yen in transfers to the liability reserve by using the graduated-deposit method. Toho was a regular user of this "powerful drug," even before the onset of the bubble-economy period.

The graduated-deposit method does not pose any problems when insurance contracts are growing steadily. When new insurance contracts are falling, however, the burden of transferring funds to the liability reserve becomes increasingly difficult with the passage of time, placing a strain on the insurance firm. In other words, the pressure to transfer funds to the liability reserve builds up.

Life insurance firms do not have any breathing space to worry about "later" obligations. Although Asahi Mutual Life Insurance Co. shows a moderate 1.2 billion yen in latent losses on foreign securities, the true figure is probably much higher because 1.1529 trillion yen of its foreign securities holdings are exempt from disclosure requirements. Assuming a uniform loss rate of 20 percent on foreign securities holdings, Asahi's unrealized losses would top 200 billion yen. On the other hand, Sumitomo Life Insurance Co. is stuck with a hefty 1.2 trillion yen in loans to financially-strapped non-bank affiliates.

The lethal blow to life insurance firms, however, is the gap between the return promised to policyholders, or the expected yield, and their current return on managed funds. Although life insurance firms have steadily reduced their expected yields on new contracts, their average expected yield still stands above 5 percent. With Japan's official discount rate (ODR) at just 1 percent, there are no investment vehicles yielding 5 percent. Consequently, life insurance firms' losses are escalating daily.

The reduction of the ODR was quite effective in terms of prolonging the lives of banks because it eased their fundraising cost. However, the decline in market interest rates made it extremely difficult for life insurance firms to earn a decent return on their fund investments, pushing them to the brink of collapse. Thus, life insurance firms, not banks, may be the first to be defeated.

Main Bank System Collapses

The recent failure of Pacific Finance, a relatively unknown midsized non-bank, is a perfect example of the disorder in Japan's financial system. Based in the city of Osaka, Pacific Finance has 20-odd employees and total borrowings of 81.0 billion yen.

The Fukutoku Bank group is the leading shareholder of Pacific Finance. However, neither Fukutoku, nor Sumitomo Life, the fourth largest shareholder, have supported Pacific Finance in the capacity of a parent company, or main bank. Instead, Fukutoku and Sumitomo Life will forgive their loans to Pacific Finance through a special liquidation. Other financial institutions that lent funds to Pacific Finance reportedly refused to shoulder any responsibility for the non-bank's failure, signaling an end to Japan's "traditional" main bank system.

Sumitomo Trust and Banking Corp. was the first to implement a special liquidation, in its case to dispose of loans to the non-bank, Nihon Mortgage. However, Nihon Mortgage is not a direct affiliate of Sumitomo Trust. Bank of Osaka, Fukutoku Bank and Sakawa Bank announced in March 1995 plans to dispose of loans to 11 directly-affiliated non-banks through special liquidations. Still, a special liquidation was thought of as an emergency measure in Japan.

In Pacific Finance's case, the third time is proverbially decisive. The special liquidation now represents an easy way for the parent company to abandon its responsibility. It has shattered the Japanese-style credit order whereby every financial institution lends funds with ease because the main bank can be relied upon to shoulder all responsibility.

Delving deeper into Pacific Finance's capital reveals another parent company. Fukutoku may be the leading shareholder on a corporate group basis, but Shin Kyoto Shinpan, a consumer credit company, is the leading shareholder on a parent basis. The leading shareholder in Shin Kyoto Shinpan is Nippon Shinpan Co., Japan's largest credit card provider (its equity stake peaked at 31 percent). Nippon Shinpan President Yoji Yamada was the chairman of Shin Kyoto Shinpan from 1987, the start of the bubble-economy era, to 1993.

Sanwa Bank is the main bank of Nippon Shinpan and, accordingly, Shin Kyoto Shinpan as well. However, both Nippon Shinpan and Sanwa Bank feign ignorance of their ties to Shin Kyoto Shinpan. Nippon Shinpan says that "Shin Kyoto Shinpan has failed to disclose information on its business status to us for several years. It increased its capital in May this year. We currently have no connection to the firm whatsoever." This "parent" has decided that running away is the wisest solution.

Land Prices Still Falling

At the recent auction for Hotel New Japan, Chiyoda Mutual Life successfully bid for the hotel at the minimum auction price through its dummy corporation, "Chisei Sogo Kanri," as expected. The price was 59.7 billion yen, or just one-fifth of the hotel's selling price during the bubble-economy period. Although the minimum auction price will reportedly pass on a reasonable return of 3-4 percent, there were no buyers.

"A bottom to the slide in land prices is nowhere in sight. Real estate negotiations will not begin until the prices of real estate collateral fall to 20 percent of their book values. Even so, there are no buyers," according to a senior official at a city bank. Even condominium developers have stopped purchasing land, after being the sole buyers, due to a sharp increase in their inventories. The rate of successful property auctions through Tokyo District Court had dropped to 30 percent as of May. "Residential land prices will fall by at least 20 percent from the current level. There is no bottom in sight for commercial land prices," says the head of a real estate firm.

In fact, the market prices of land in Japan have been below theoretical land values, based on the principle of return, since 1994 (see Graph). However, this can be explained by the failure of theoretical values to reflect a risk premium to compensate for the uncertain outlook for the property market. "The risk premium is relatively high at present due to the unstable market. Measured strictly, however, theoretical land values have fallen substantially because the expected profit on land has dropped," notes a market analyst at Sumitomo Life's affiliated research institute.

In 1994, city banks incurred an average loss of 50 percent on sales of real estate collateral. Today, the loss rate is closer to 80 percent, creating the prospect of such enormous losses that banks cannot dispose of their real estate collateral. Consequently, fewer land transactions take place, the risk premium rises and land values decline further in a vicious circle.

In a meeting with financial industry leaders in late June, Prime Minister Murayama resolved to use public funds to help financial institutions to clear up their bad loan problems. Ahead of the upcoming Upper House election, the three parties in the ruling coalition agreed to "investigate the use of public funds during the regular Diet session this autumn." Even the opposition party, Shinshinto, did not object to this declaration. It would be the first use of public funds to liberate financial institutions from their non-performing assets.

Koichi Kato, the chairman of the Liberal Democratic Party's Policy Research Council, and former Prime Minister Noboru Takeshita have reportedly reminded the Ministry of Finance that "the use of public funds is out if objections related to housing loan companies surface. There are unlikely to be any, though." Some interpret their statements as a veiled suggestion to suppress evidence before public funds are used. A political analyst notes, however, that lenders to financially-strapped housing loan companies are unlikely to disappear so easily.

The Resolution Trust Corp. (RTC) that cleaned up the S&L debacle in the U.S. has the authority to investigate criminal acts and instigate civil cases. Of the S&L's handled by the RTC, 60 percent were found guilty of criminal behavior and 35 percent of breaking the law in some way.

Already plagued with anemic investment returns, Japanese life insurance firms will face an even worse quandary if Japan's interest rates fall further. The financial status of small financial institutions that have leaned upon the main bank system will deteriorate over time due to the breakdown of the system. There is no other choice.

If Japan creates its own version of the RTC, a string of failures of small financial institutions, similar to that of Tokyo Kyowa and Anzen Credit, will probably emerge. Public funds should be injected into the financial system as a measure of support. At the same time, however, criminal behavior must be exposed, administrative and management responsibility clarified and the responsible parties made to shoulder the blame.

Involving Housing Loan Firms

952A0706B Tokyo SHUKAN TOYO KEIZAI in Japanese 22 Jul 95 pp 26-27

[Article by Goro Kumagai, chief researcher, Nomura Research Institute]

[FBIS Translated Text] In analyzing the bad loan problems of Japan's housing loan companies, the key point to keep in mind is that a failure to resolve their problems could trigger a collapse of Japan's financial system. The problems of housing loan companies cannot be resolved until their lenders clarify how they will allocate losses between themselves and find ways in which to cooperate.

Housing Loan Firms' Losses Overwhelm Parent Banks

It will be difficult to resolve the housing loan problem under the simple, conventional principle whereby the main (parent) bank takes complete responsibility for the housing loan company's losses, or alternatively, each lender takes responsibility. Under the main bank principle, the parent bank that established the housing loan company would take over all of the housing loan company's losses. However, the huge scale of the losses on loans to housing companies would daunt even some of the major city, long-term credit and trust banks.

Under the principle of lender responsibility, each of the failed housing company's lenders would incur a loss in proportion to its lending share. In this case, a string of prefectural credit federations of agricultural cooperatives would probably go bankrupt due to their heavy exposure to the housing loan industry. Agricultural financial institutions have as much as 5.4 trillion yen in outstanding loans to the housing loan industry. A failure to dispose of the bad loans to housing loan companies could trigger a collapse of the settlement system because the housing loan companies themselves do not participate in the system.

The settlement of the housing-loan industry problem would not signal an end to the banking industry's bad loan problems. However, the housing-loan industry problem stands out in terms of the need to take emergency measures and avert failure.

The housing loan industry's problems can only be resolved with the aid of public funds. Most people who read the Finance Ministry's basic policy on the disposal of bad loans, last published on June 8, reached the bitter conclusion that the government had once again put off the issue. However, I detected a certain resolve on the Finance Ministry's part, albeit in a roundabout way, as follows: "We assume that financial institutions will do their utmost to resolve their bad loan problems by themselves. However, we recognize that this maximum effort may fail to clear up all problems that ought to be resolved. This issue is being discussed extensively, from various angles, including the idea of a public contribution. We expect the understanding of the essential problem to deepen."

Let's analyze these statements in the context of the housing-loan industry problem. First, in calling for a "maximum effort" on financial institutions' part, the Finance Ministry wants housing loan companies, their parent banks, agricultural cooperatives and other lenders to cooperate with each other and do their utmost to revise and agree upon rebuilding plans for the housing loan companies. Of course, the introduction of public funds is not part of this maximum effort. If "problems that ought to be resolved" remain, despite this maximum effort, the Japanese government will consider a "public contribution," or the introduction of public funds. However, the government can only use public funds if it obtains the consent of the Japanese public, after a lengthy debate.

It is only a matter of time before the housing loan companies become bankrupt. Of their outstanding loans of 11 trillion yen, non-performing loans are estimated at 6 trillion yen at the very least. This means that their healthy loans amount to 5 trillion yen at the most. Meanwhile, housing loan companies' annual interest payments on borrowings total 350 billion yen. Consequently, they must earn an average return of 7 percent on their healthy loans. This is virtually impossible today, given the low level of interest rates. They will probably cover the shortfall for now by drawing down funds on hand. However, there will come a day when they will no longer be able to meet their interest obligations. Lenders will have no choice but to revise their current rebuilding plans for housing loan companies and begin credit negotiations.

There are obvious difficulties associated with the rebuilding of housing loan companies. Consequently, a move toward the liquidation of housing loan companies is inevitable.

Lenders, however, will have a hard time finding points of compromise without the introduction of public funds, considering that the government wants to avoid a rash of failures among heavily-exposed agricultural financial institutions. If public funds are used, the parent banks of housing loan companies will probably be required to shoulder a higher share of losses than other lenders.

This means that losses will likely be allocated based on a "revised parent-bank principle." Under the revised parent-bank principle, the parent bank would forgive all of its loans to the housing loan company. The remaining losses of the housing loan company would be allocated among its other lenders, based on lending share.

We estimate that financial institutions will have to write off about 6 trillion yen in loans to housing loan companies. If public funds were used to cover the entire losses of agricultural financial institutions, about 2.6 trillion yen in public funds would be required under the principle of lender responsibility or 1.5 trillion worth under the revised parent-bank principle. The taxpayers' burden would be lighter under the revised parent-bank principle, but the parent banks' burden would be heavier. If agricultural financial institutions shoulder some of the losses, the taxpayers' burden should lessen, but only slightly.

Disclosure of Problem Borrowers Needed

The question of how exactly public funds should be used to help clear away the bad loans of housing loan companies is a technical matter. I feel that the best plan entails the establishment of a cooperative company to take over the non-performing assets of housing loan companies, coupled with the introduction of public funds through the parent banks of housing loan companies. This conception was advocated in the February 18 edition of SHUKAN TOYO KEIZAI. Another option is to consolidate prefectural credit federations' loans to housing loan companies at the Norinchukin Bank, the central bank for agricultural financial institutions, and subsequently inject public funds through the Norinchukin Bank.

Before the government can supply public funds to the housing loan industry, however, financial institutions must be required to disclose more information on their credit, or bad loans. The government's decision to supply public funds to Tokyo Kyodo Bank, a new bank established to assume the claims and liabilities of Tokyo Kyowa Credit Corp. and Anzen Credit Cooperative, triggered a public uproar because the public was not informed of the facts of the case, nor the process through which public funds would be used. Also, the market-based selection of financial institutions will not be encouraged unless financial institutions disclose more information on their bad loans.

On the other hand, the public and the media must refrain from responding emotionally to the introduction of public funds and focusing on scandal. We know that housing loan companies lent funds to many real estate firms with financial problems, without investigating the creditworthiness of each borrower, given the easy money in the past. Instead, financial authorities ought to be responsible for disclosing problem borrowers to the public.

What is needed now is an open discussion of how much the public will have to pay for the use of public funds. Financial authorities and the financial services industry must clearly present the social and national economic costs of delaying the correction of the bad loan problem, as symbolized by the housing loan companies. They must also provide more information so that the public can analyze the costs and benefits associated with the correction of the housing loan problem, which has undermined the stability of the financial system.

Auto Industry Faces Strong Yen, Competition

Automakers Reach Limit

952A0677A Tokyo EKONOMISUTO in Japanese 11 Jul 95 pp 48-51

[Article by Shoichiro Sei]

[FBIS Translated Text]**Auto Industry Environment Deteriorates Drastically**

Japan's auto industry has taken a sharp turn for the worse as a result of the surge in the yen's value since spring 1995. Following the collapse of Japan's asset-inflation bubble in the late 1980's, Japanese automakers implemented a variety of cost-effective measures involving production rationalization, cost-cutting, the revision of product development and management methods and an expansion of investment in Asia. The industry became cautiously optimistic as these measures began to yield results and auto sales started to show signs of recovery. However, any cause for optimism was wiped out when the yen's value soared beyond the extent that Japanese automakers could absorb through rationalization. The recent auto dispute between Japan and the U.S. only aggravated the situation, causing Japan's auto industry to hit bottom.

Last spring, Nissan Motor Co. announced a restructuring plan that will lead to a total cost reduction of 360 billion yen over the next three years. Under the plan, it will trim its payroll by a maximum of 7,000 employees for a decrease in personnel expenses of 40 billion yen, ask parts suppliers to lower their base price by 30% for a cost savings of 240 billion yen and promote interchangeable parts and other product development revisions for a cost savings of 40 billion yen. However, the company drew up the restructuring plan before the yen began its recent climb. Its 1997 profit projection (100 billion yen) is based on a dollar value of about 98-100 yen. For every 1-yen decline in the dollar's value from this level, its profit drops by 10 billion yen. Consequently, a dollar value of 85 yen translates into a profit decline of 150 billion yen. Other Japanese companies face a similarly dismal outlook. The yen's strengthening, coupled with a slump in U.S. sales, upset Fuji Juko Co.'s projections under a management restructuring plan to be completed in fiscal 1995. Consequently, the company was forced to cutback production at its U.S. affiliate, Subaru-Isuzu Automobile Inc. (SIA).

Thus, Japanese automakers implemented management restructuring plans aimed at cutting costs in the first half of the 1990's. At the moment when they projected the results of those plans, however, the yen's value soared and a U.S.-Japan auto trade dispute erupted. Japanese automakers have failed to initiate systematic measures to cope with these unexpected developments. They will probably pursue a full-fledged management turnaround by extending the rationalization trend of the first half of the nineties. In this article, we will review the changes that occurred in the auto industry's product development, manufacturing and management methods in the early 1990's and explore the industry outlook.

The deterioration of the Japanese auto industry's profit structure occurred quickly. On a parent basis, their operating margin dropped to the level of 2 percent at the start of the 1990's only to dip below 1 percent recently. In contrast, their operating margin hovered at 3-4 percent in the 1980's. Consequently, many automakers have operated at a loss recently. In the latter half of the 1980's, automakers stepped up their borrowing to fund investments in overseas subsidiaries, sales networks and a string of new models. As a result, their production costs rose in conjunction with a contraction in the scale of their volume production. Meanwhile, their expenditures on parts increased due to their aggressive investment in product and parts development during the bubble-economy period. Consequently, the weight of raw materials in the cost of goods sold climbed to almost 10 percent, which pressured their earnings.

Meanwhile, retail auto prices entered a pronounced downward trend from 1992 due to several factors. First, U.S. automakers succeeded in lowering their prices on the strength of rationalization. American cars currently sell for about 2,000-2,500 dollars less than comparative Japanese models. Second, overproduction became a problem in Japan, triggering a ruthless price war among dealers. Other factors that accelerated price reductions include the yen's surge, an increase in Japan's unemployment rate and a slowdown in the growth rate of wages in Japan. Instead of realizing inflation-based economic growth, Japan is showing signs of deflation amidst a contraction of its overall economic balance. Thus, automakers are not in a position to raise wages because they have skirted the negative impact of the strong yen. Instead, they will invariably be pressed to reduce their prices further in an effort to maintain their production volume amidst the harsh business environment. The table below shows the positive impact of cost-effective measures and the negative impact of the strong yen and other factors on Japanese automakers' operating profits. In summer 1994, Japanese automakers were still relying mainly on product-development rationalization and reductions in depreciation and operating expenses to offset losses from the yen's strengthening.

Product-Development Methods Revised

Facing a loss of international competitiveness and sluggish domestic sales, Japan's auto industry initially focused its rationalization efforts on model development operations. Japanese automakers were known for their highly-efficient development process, characterized by a short development period, several model valuations and the release of many new models at regular intervals. They excelled at fueling consumer demand and posting steady growth by releasing a variety of car models within a short time span. However, this strategy is only effective as long as sufficient cost savings can be anticipated from high-volume production, which depends on brisk sales. In an effort to cope with the recent downturn in production and deterioration of the business environment, Japanese automakers have implemented various changes, as described below.

(1) Less Frequent Model Changes

The international competitiveness of Japan's auto industry was founded on the brief model-development period. Japanese automakers minimize the model development period by keeping both the time needed to develop a model and the transition period from the old model to the new one brief. When a labor shortage surfaced in Japan at the end of the 1980's, however, the Confederation of Japan Automobile Workers' Unions criticized this scheme for placing undue stress on workers and creating a workplace with no room for breathing space. Consequently, automakers began to reevaluate their methods, focusing on powerful project managers who placed deadlines above everything else. Furthermore, it became increasingly difficult for automakers to shoulder the cost of developing a new model, reportedly 100 billion yen, as Japan's recession dragged on. Consequently, automakers have reconsidered their development expenditures, extending the interval between model changes in Nissan's case, for example, and making other cutbacks.

(2) Interchangeable Auto Parts, Assemblies Promoted; Number of Parts Reduced

The most aggressive rationalization efforts targeting product development comprise the promotion of common parts and basic assemblies (such as engines and transmissions), the reduction of the number of parts used in vehicles and the integration of vehicle types. As an example, let's look at the car seat variations for a popular passenger car sold by A Co. A Co. offers nearly 250 variations of seats, but 100 of these account for as much as 90 percent of its production volume. Going up to 150 varieties, the equivalent production volume is 95 percent. Consequently, the remaining 100 varieties account for just 5% of its sales. Therefore, the increase in variation is inefficient, and the divergence and drop in production volume translates into a low rate of efficiency. In promoting the common use of parts, automakers are targeting parts that are not visible because these parts are unaffected by a model change. Parts account for 75 percent of the cost of a vehicle. In fact, Nissan Diesel Motor Co. plans to reduce the number of parts that it uses in production by 40% by promoting interchangeable parts.

(3) Design, Development Periods Shortened Through Rationalization of Production Tests, Standards

Automakers are also cutting their product-development expenditures by reducing the number of production trials and test vehicles made prior to the start of volume production. On the other hand, a short model-development period has become important again, despite the extension of the interval between model changes, since the success of Chrysler's Neon. Consequently, Japanese automakers are introducing new computer-aided design (CAD) systems in a move toward management by simulation. For example, Toyota Motor Corp. will reduce the time needed to move from the outer-body design stage to volume production to twenty-two months from twenty-seven by introducing a computerized car-body design system. Similarly, Nissan will shorten the time needed to develop auto assemblies, such as engines and transmissions, to 20 months, thanks to a new CAD system. Honda Motor Co. is also introducing a new CAD system. However, some industry analysts warn that the introduction of these new computer systems, coupled with the promotion of common parts and the reduction of the number of parts, will lead to a surplus of design engineers. This trend could trigger large-scale layoffs in the auto industry.

Business Tie-Ups to 'Reinforce Weak Spots' Sought

In conjunction with their efforts to trim surplus investment in product development, Japanese automakers are rationalizing their production operations, an area of traditional strength. All are pursuing cost reductions of about 30%, taking the rationalization movement further to the point of "wringing the rag dry." Some of this rationalization is just the rehashing of tried methods, but new strategies are also apparent.

(1) Unprofitable Business Divisions Discarded

The most visible of these new strategies is the promotion of restructuring that supersedes corporate boundaries. Amidst the severe deterioration of the business environment, automakers hope to improve their management by returning to the basic strategy of discarding weak spots and building on strengths. Isuzu Motors Ltd.'s withdrawal from the production of passenger cars is a prime example of this policy. General Motors (GM) previously acquired a capital stake in Isuzu because its fund position in terms of financing passenger car sales had deteriorated. For a proven truck manufacturer like Isuzu, the construction of a sales network for passenger cars had always been an Achilles' heel. It resolved to rid itself of this weakness by discontinuing the production of passenger cars. Similarly, Nissan closed its factory in Kurama last March and Mazda Motor Corp. recently suspended operations at its factories in Uhin and Bofu. Industry analysts warn that the move to shut down unprofitable production lines could spread in the future.

(2) Business Tie-Ups to Reinforce Weak Spots Increase

In parallel with this determination to weed out weak spots, automakers are forging business tie-ups with each other in a bid to reinforce their weak spots. These partnerships include the supply of finished vehicles through original-equipment-manufacturing (OEM) agreements and the supply of parts. For example, Honda now supplies Isuzu with passenger cars whereas Isuzu supplies Honda with recreational vehicles (RV), an arrangement that enables both sides to reinforce a weak spot. Similarly, Nissan and Mazda sell commercial vehicles and light trucks, respectively, to each other. In a three-way deal, Nissan, Nissan Diesel and Isuzu supply vans and light trucks to each other. In all of these cases, the business tie-up reflects a desire to reinforce weaknesses through restructuring. In other words, automakers' conventional policy of providing a complete line-up of vehicles strains their profitability because the line-up inevitably includes some non-lucrative models, for which the cost of development cannot be recovered. In contrast, both the manufacturer and the distributor benefit in an OEM scheme because the distributor avoids the need to invest in product development and manufacturing facilities whereas the supplier experiences a higher capacity-utilization rate.

Cost-Effective, Rationalization Measures Implemented

(1) Personnel Cutbacks Initiated

Japanese automakers curtailed their capital investment following a spending binge during the bubble-economy years that left behind steep depreciation expenses. Their depreciation cost burden has since eased, however, prompting expectations for a resurgence in capital investment. In this respect, Toyota's concept for a new production line at its Kitakyushu factory has drawn attention. Many automakers have shown an improvement in production efficiency, like Fuji Juko, which raised its capacity-utilization rate to 85 percent. Meanwhile, some automakers are reconsidering their employment policies. For example, Honda recently shifted to a job-based salary system from the standard seniority-based wage system. However, the dollar's slide below 90 yen has forced automakers to turn to direct cost-cutting measures, such as the closing of production facilities and the implementation of full-scale layoffs. Mazda laid off employees after lowering a production projection made last April by 30%. In the April-June quarter, it suspended production for six days at its Uhin factory, eight days at its No. 1 Bofu factory and 11 days at its No. 2 Bofu factory. Nissan closed its Kurama plant outright and plans to cut a maximum of 7,000 employees from its payroll. In fact, automakers have announced plans for personnel cutbacks across the board.

(2) Rationalization of Purchasing, Outside Orders

A major theme running through the automakers' rationalization plans is the need to get tighter control over the cost of purchasing and outside orders. Purchases and outside orders account for 70-80 percent of production costs. Nissan, for example, aims to reduce its purchasing budget by 30 percent in the three years through 1997. These management restructuring plans, which follow those begun in 1992 and 1993, will be influenced by the strong yen. At the very least, automakers have determined that their parts suppliers can cut costs because these firms' capabilities have increased. In its purchasing objectives released in early March, Toyota Jiko indicated that it will keep a tight lid on outlays to second-tier subcontractors.

Given the heavy weight of outside orders in the purchasing budget of a typical Japanese company, or automaker for that matter, a move to more strictly control outlays to second-tier and less closely affiliated subcontractors would boost earnings substantially. On the other hand, the true intent of Japanese automakers is to encourage their primary parts suppliers, or members of the corporate group, to look outside of the corporate group for more business. Each automaker, however, has its own unique policy concerning its parts suppliers. Suzuki Motor Corp. plans to centralize its parts purchases by downgrading those suppliers from which it buys only token amounts to second-tier subcontractor status. Of Suzuki's 400 suppliers, 130 account for 90% of its purchasing budget. In the reorganization, the company plans to increase its purchases from these top suppliers and designate 50 small-scale suppliers as second-tier subcontractors. Thus, parts manufacturers and small subcontractors are struggling to cope with large-scale cost reductions by automakers as they promote the usage of common parts, reduce the number of parts in their vehicles and lower their testing and product development-related orders. Accordingly, automakers are seeking a more flexible business arrangement with affiliated parts suppliers and subcontractors.

Irony of Japanese-Style Management

The development and market release of low-priced automobiles was a shrewd market strategy for Japanese automakers in 1992 and 1993, as seen in the success of Nissan's Sefiro and Roreru. Consequently, industry analysts expected the automakers' performance to improve by 1996 or 1997 on the strength of an increase in consumer demand. However, the dollar's prolonged weakness overturned the earnings outlook for Japan's auto industry. In general, Japanese automakers could absorb the negative impact of the yen's strengthening as long as the dollar traded above 90 yen. However, the dollar has steadily hovered in the region of 80-89 yen. Consequently, the so-called "hollowing out" of Japan's auto industry, encompassing the expansion of overseas production coupled with full-scale personnel cutbacks and the closing of unprofitable production lines in Japan, will invariably become worse. Toyota's recent construction of a second factory in England and Nissan's construction of a engine factory in Texas are just the start of this trend.

The outlook for Japan's auto industry is still uncertain at this point in time. However, the Japanese-style corporate structure and labor customs are definitely unraveling. Rather than continue to depend on a core group of affiliated domestic suppliers and an underlying subcontractor class, major Japanese companies are building corporate structures with more international depth in a move to take advantage of the low wage levels in other Asian nations. This trend will become even more pronounced hereafter. Meanwhile, more Western companies, plagued with overproduction, are adopting Japanese-style production methods as rationalization models. The Japanese style of management is certain to change, given that Japanese businesses can no longer rely on exports to fuel their profit growth. Ironically, however, the implementation of rationalization measures, only to be followed by the yen's strengthening, is a vicious circle. This management strategy is unlikely to lead to a complete break from the Japanese style of management.

Competitiveness Questioned

952A0677B Tokyo EKONOMISUTO in Japanese
11 Jul 95 pp 58-60

[Article by Kenji Takusagawa]

[FBIS Translated Text] Auto sales in Japan in fiscal 1994 totaled 6,700,000 vehicles, up 4.8 percent from the previous year for the first year-on-year increase in four years. Of this amount, sales of imported cars soared 53.0 percent from the previous year to 330,000 vehicles. In contrast, Japan's car exports have trended downward since 1985, totaling 4,350,000 vehicles in fiscal 1994, or just over 60 percent of the peak level. What does this upswing in imports and decline in exports in recent years signify in terms of the international competitiveness of Japanese cars? For that matter, can Japanese automakers maintain their current standard of competitiveness in the future? In the following article, we will examine these questions as we analyze the auto market in Japan and abroad from a medium-term perspective, to the year 2000.

In projecting the outlook for Japan's auto industry, we assumed that the dollar would strengthen moderately. If the dollar remains at the current low level of 80-89 yen, Japanese automakers will have a harder time maintaining their international competitiveness, given the deterioration of the export environment. Accordingly, they may be forced to revise their domestic and overseas production systems at an even quicker pace.

Japanese Cars Maintain Widespread Appeal Despite Price Increases From Strong Yen

We can analyze the competitiveness of Japanese cars abroad by looking at their share of the world automobile market. In the past 10-odd years, Japanese cars (including vehicles manufactured at Japanese-owned factories abroad) have accounted for just over 20 percent of the world automobile market, excluding Japan. In 1993, Japan's share of the overseas auto market was 22.4 percent. Therefore, we can conclude that Japanese cars generally maintained their international competitiveness during this period. In the U.S. and European Union (EU), Japanese automakers have invested aggressively in local production plants. Reflecting this, Japanese automakers' share of the U.S. passenger car market has hovered near 30 percent in the 1990's, up from about 20 percent in the early 1980's (the share was 30.2 percent in 1991 and 29.5 percent in 1994). In Europe, Japan's share of the passenger car market remained below 10 percent in the 1980's due to the EU's decision in 1986 to monitor Japanese exports and imports. Its market share has edged up since the start of the 1990's, however, to stand at 12.4 percent in 1994. Meanwhile, Japanese automakers have expanded their market share in Asia, especially the Southeast region, by setting up joint ventures with local companies and supplying technology. In Thailand, Indonesia and the Philippines, Japanese automakers supply about 90 percent of the car market.

The U.S. is the largest overseas market for Japanese cars. Japanese automakers dominated the U.S. market for compact cars in the 1970's and 1980's by supplying models known for their fuel economy, low accident rate and low sticker prices. Japanese cars lost their price superiority from 1985 because the yen's appreciation forced Japanese automakers to boost their export prices. By the 1990's, Japanese cars were selling for more than comparative U.S. models. Toyota's 1994 Corolla, for example, was listed for 3,000-4,000 dollars more than American cars in the same class. However, Japanese cars have remained in high demand in the U.S. for several reasons. They receive superior ratings in terms of the hard factors of quality, performance and design and have higher resale values than American cars because of consumers' confidence in their safety and reliability. Also, Japanese automakers are competitive in terms of non-price factors, such as the reliability of their sales and service system. Reflecting this, Japanese automakers have sold about 2,470,000 passenger cars annually in the U.S. since 1991 (including cars manufactured at Japanese-owned plants abroad), for a market share of 29-30 percent.

In recent years, the Big Three U.S. automakers have gained ground on Japanese automakers in terms of the real measures of productivity and quality. Consequently, Japanese cars have lost some of their edge in the U.S. However, Japanese automakers are working to maintain and bolster their competitiveness in overseas markets by building production and supply systems that are relatively immune to foreign exchange fluctuations. More specifically, they are shifting the production of popular models to North American factories in a move to reduce their exports. Also, they are buying more parts and other raw materials from foreign suppliers. In addition to this overseas production shift, Japanese automakers are working to trim production costs in Japan through restructuring. Consequently, Japanese automakers are unlikely to experience a sharp drop in market share in the U.S. or other countries, for that matter. At the very least, they should maintain their current level of competitiveness.

If the tone of the yen remains strong following the currency's recent surge in value, Japanese automakers are expected to accelerate the implementation of the aforementioned measures so that they can maintain their international competitiveness.

Imported Car Sales in Japan to Top 500,000 Vehicles

On the other hand, Japan's car imports have risen sharply recently. Of these imports, roughly one-quarter are actually vehicles manufactured at Japanese-owned factories in the U.S. and other foreign countries. These reverse imports exceeded 70,000 vehicles in 1994. Still, net imports, excluding reverse imports of Japanese cars, have also shown significant growth, led by strong demand for U.S. cars. Sales of European makes, especially German models, are also generally favorable.

Sales of imported cars in Japan have picked up due to several reasons. First, imported cars became an option for more car buyers because foreign car manufacturers lowered their prices to pass on savings from the strong yen and Japan's lending rates declined. Second, foreign car manufacturers expanded their sales and service networks in Japan, on their own or through partnerships with Japanese car dealers. Third, foreign car manufacturers aggressively marketed vehicles with the steering wheel on the right-hand side, tailored to Japan's road system, and improved the quality and performance of their vehicles. Fourth, the Japanese government made efforts to promote car imports by simplifying import regulations, such as the procedures for approving model types. Of these factors, the drop in imported car prices is the most significant in the growth of Japan's car imports. The price markdowns target the midpriced and luxury class of passenger cars in particular.

As a result of foreign car manufacturers' price-cutting strategy, present owners of Japanese midpriced or luxury models are more likely to consider an import when it comes time to trade in their car. If foreign car manufacturers succeed in penetrating Japan's market for cars with more mass appeal, the market share of imported cars in Japan should increase further. In fact, the market share of imported passenger cars in other countries is higher than that in Japan. For example, imports account for 20.9 percent of passenger car sales in the U.S., 38.7 percent in Germany and 55.4 percent in England (as of 1993). In Japan, the market share of imported cars was 5.7 percent in 1993 and 8.1 percent in 1994, according to a study conducted by the Japan auto imports association.

Japanese automakers have found success by releasing popular, economically-priced models, thanks to their low manufacturing costs. Consequently, sales of imported cars are expected to taper in the medium to long term, although the extent of the slowdown will depend on the trend of foreign exchange rates. Also, there are still differences between Japanese and other car makes in terms of quality and safety, which consumers view from a long-term perspective, and sales and service systems. For example, auto industry analysts often point out that foreign car manufacturers, especially the Big Three, have failed to make large-scale investments that are vital to the expansion of a car-dealer network. These include facilities for inspecting cars before they are delivered and parts centers. Under these conditions, annual sales of imported cars could surpass 500,000 vehicles by the year 2000, up from 330,000 in fiscal 1994. Still, the growth in the market share of imported cars in Japan will slow unless foreign car manufacturers overcome many hurdles, as mentioned above.

Overseas Production Prioritized Amidst Strong Yen

Given these factors, let us now project the trend of auto demand in Japan and other countries in the year 2000 and the outlook for Japanese automakers' production volume.

In forecasting auto sales in Japan, it is important to note that individuals in their twenties have fueled the increase in the dissemination rate for cars and new demand for passenger cars. The dissemination rate for cars in Japan is now comparable to rates in advanced European nations. Japan's twenty-something population is expected to decrease in the future. Consequently, the pace of growth in Japanese auto sales is expected to slow. Also, the weight of replacement demand in the total demand for automobiles, currently 70 percent, should increase. As a result, the composition of auto demand in Japan is expected to shift to a pattern of demand cycles that are influenced by the business climate, similar to the trend in Western nations. In the year 2000, Japanese demand for automobiles is expected to reach 7 million vehicles, give or take 500,000.

As for the demand for Japanese cars in overseas markets, Japanese automakers grabbed a 22.4 percent share of the world market, excluding Japan, in 1993. Overseas sales of Japanese cars came to 9,120,000 vehicles as compared to total new car sales of 40,630,000 vehicles. Of the Japanese cars sold abroad, 5,020,000 vehicles were exports from Japan whereas 4,100,000 were produced locally. In the year 2000, the demand for automobiles in countries other than Japan is expected to total 47,000,000 vehicles, plus or minus 2,500,000 (for average annual growth of 1.3-2.9 percent). Worldwide auto demand will be fueled by an increase in demand in the Asia region and cyclical demand in Western nations. Assuming that Japanese automakers can maintain their current market share, overseas demand for Japanese cars in the year 2000 will reach 10,530,000 vehicles, plus or minus 560,000.

In terms of their supply system, Japanese automakers will have to prioritize overseas production, assuming that the yen remains strong. This includes the use of overseas production plants as export bases. The scale of overseas production in the year 2000 will likely expand to about 7 million vehicles, an increase of over 3 million from the current level. This is based on Japanese automakers' plans to boost annual output abroad, which total about 2 million vehicles, and the extent to which overseas production facilities are currently operating below capacity, about 1 million vehicles. Consequently, exports from Japan are expected to fall by 3,530,000 vehicles, plus or minus 560,000, in a moderate downward trend, extending the pattern seen since 1986.

On the basis of these projections, we estimate that auto production in Japan in the year 2000 will amount to 10,030,000 vehicles, plus or minus 1,060,000. Growth in domestic demand will be overshadowed by a decline in Japanese exports of finished cars, due to overseas production shifts, coupled with an increase in imports (including reverse imports). Consequently, annual domestic output will contract to about 10 million vehicles in the standard case, even if Japanese automakers maintain their current share of the overseas market. The actual production volume in Japan may deviate from this level by some 1 million vehicles as Japan's auto industry shows more of a cyclical demand pattern and reacts to world economic trends.

Annual auto production in Japan could remain at the current level of 9 million vehicles if worldwide demand is sluggish. In this case, personnel cutbacks and restructuring in Japan's auto industry may become more pronounced. Also, if the dollar remains at the current low level of 80-89 yen, Japanese automakers will be forced to make more drastic adjustments of their domestic and overseas production structures, accelerating the overseas production shifts.

Consequently, globalization will remain an important corporate strategy in Japan's auto industry in the future. Accordingly, the performance of Japanese automakers will likely depend on their ability to build domestic and overseas production systems that can respond to the inconsistencies of demand fluctuations and at the same time, bolster their competitiveness.

North Korea

ROK, U.S. Preparing for Military Action

SK1912041795 Pyongyang KCNA in English
0346 GMT 19 Dec 95

["Dangerous Behavior" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA) — Puppet military bosses of South Korea displayed war hysterics, groundlessly charging the North with "military moves" on December 16.

Commenting on this today, an analyst of NODONG SINMUN says:

We cannot remain an onlooker to the row the bellicose Kim Yong- sam group are kicking up allegedly to cope with "military provocation" of the North like a burglar sounding the burglar alarm. Meanwhile, they are bringing clouds of war to the Korean Peninsula in collusion with aggressor forces.

It is the United States and the South Korean warmaniacs that are making ill-boding military moves for war on the Korean Peninsula.

The puppet Armed Forces are in "a state of winter operations" and the reinforced aggressor Armed Forces including U.S. forces in South Korea and an aircraft carrier are in preparedness for action. This is patent proof that the bellicose Kim Yong-sam group are watching for an opportunity to unleash a war against the North in conspiracy with outside forces.

The Kim Yong-sam group, facing public criticism for their involvement in the traitor No Tae-u's slush fund scandal, are peddling the stereotyped advertisement about "threat from the North" in a bid to get rid of the crisis.

Their outcries for "establishment of a system to cope with a crisis" are a prelude to their action — provocation of fratricidal war in conspiracy with outside forces to find a way out of the crisis.

They must realise that if they act like a newborn puppy knowing no fear of a tiger, they will face final destruction.

ROK 'Northward War Provocation' Posture Decried

SK1912133495 Pyongyang Korean Central Broadcasting Network in Korean
0854 GMT 19 Dec 95

[NODONG SINMUN 19 December commentary: "Dangerous Remarks and Acts Scheming Northward Invasion"]

[FBIS Translated Text] The South Korean puppets have been recently more frantically running amok with a war frenzy by more preposterously laying the blame on our side.

According to a report, while talking about recent movements of the North Korean Army and so forth, the puppet military leaders on 16 December raved that the crisis management system should be established so as to immediately cope with any provocation and a full-alert posture should be maintained in order to deter war.

The puppets also said that the so-called rapid deterrence combat forces, including U.S. Forces stationed in South Korea and carriers, are maintaining a mobilization posture.

The Kim Yong-sam group of warmongers, the ringleaders who are bringing the dark clouds of war to the Korean peninsula in collusion with aggressor forces, is kicking off a racket by propagandizing someone else's military provocations, like a thief calling: Stop thief! We cannot remain an onlooker to this.

The entire world knows very well about our sincere and earnest efforts for peace and peaceful reunification of the nation by preventing the danger of war on the Korean peninsula.

We put forward a proposal for replacing the outdated armistice system with a new peace guarantee system for durable peace on the Korean peninsula, and are marking sincere efforts to realize it.

The agreement on the provision of light-water reactors, which was recently signed between the DPRK Government and the Korean Peninsula Energy Development Organization, is demonstration of our firm will to resolve the nuclear problem on the Korean peninsula through dialogue and negotiations.

It is clear to everyone that our sincere efforts have nothing to do with military provocation or threat. Those who are showing alarming movements by dreaming of provocation on the Korean peninsula are none other than the United States and South Korean warmongers.

The U.S. imperialists, who turned South Korea into the largest nuclear advance base in the Far East, persistently opposed our constructive proposal for establishing a new peace guarantee system, and prepared a northward aggressive war plan together with the puppets. They reinforced aggressive forces in South Korea and staged northward aggressive war exercises one after another, thus leading the situation to the dangerous brink of war.

Following all the puppet armed forces assuming winter-operational posture, the reinforced aggressor forces, including U.S. Forces in South Korea and carriers, have assumed a mobilization posture. This clearly shows that the Kim Yong-sam warmongers' group is frenziedly watching for a chance for northward aggressive war provocation in collusion with outside forces.

The Kim Yong-sam group put forward the gibberish that the establishment of a crisis management system and so forth are necessary because of the possibility of provocation by someone else. However, the world's people consider it a stereotypical trick for the burglars, who have been driven into a corner due to the slush fund scandal, to seek a way for survival by igniting the fuse of northward aggressive war.

The Kim Yong-sam group, which has become the target to be overthrown by the people with its complicity in traitor No Tae-u's slush fund scandal, is again adhering to stereotypical slanderous propaganda on threat from the North in an attempt to escape such crisis by all means.

Thus, the puppets' gibberish about the establishment of a crisis management system and so on is no more than an overture designed to seek a way out of the crisis of a collapse they face by igniting the flames of fratricidal war in collusion with outside forces.

No one can positively assert that the Kim Yong-sam group, which unhesitatingly makes any absurd remark and carries out any reckless act for its personal benefit and interest and ambition for power, will not perpetrate such adventurous act as to drive the nation into the calamity of war.

We have heightened vigilance against the dangerous act of warmongers who advanced a step forward along the road of northward war provocation together with outside forces by raving about immediate countermeasures, full-alert posture and so forth.

The Kim Yong-sam group should correctly realize that if it acts rashly and recklessly, like a puppy not knowing the fear of a tiger, it will face indeed a disgraceful death.

ROK 'Unusual Military Moves' Denounced

SK1912054095 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 18 Dec 95

[Commentary by Yun Pyong-son: "Unusual Military Moves"]

[FBIS Translated Text] Unusual signs are appearing in South Korea these days, thus making the people worry. As revealed by the headquarters of the puppet Joint Chiefs of Staff on 16 December, the Kim Yong-sam clique is distorting the truth to say that we are showing some kind of military moves, and is making all kinds of preparations such as strengthening the intelligence surveillance system and alliance between South Korea and the United States. Also, it is maintaining and securing an effective system of managing crises. Along with this, aircraft carriers, including those of the U.S. imperialists aggressive forces forcefully occupying South Korea, are also ready to move. This is a phenomena which can be seen only on the eve of war. It is indeed a very unusual military move.

While babbling about someone's military moves, the puppets are creating a commotion as if something were going to happen at any moment, but in reality, the danger of war on the Korean peninsula comes not from the North, but from the South.

According to the bellicose order of the military bosses such as traitor Kim Yong-sam, who are currently in South Korea, the entire puppet army forces have entered a wintertime operational posture. Also, dangerous war exercises aimed at invading the North are being held everyday throughout the area of the foremost front, and the puppet army is repeatedly firing guns and provoking us. A good example of this is that on 14 and 15 December, the puppets fired some 650 gun shells and some 7,500 shells of large-caliber revolvers and automatic rifles at areas near the DMZ, thus, exercising acts of war maniacs.

At a time when the fiery clouds of war are approaching the North, the puppet army is maintaining combat readiness, and aircraft carriers and the U.S. Forces forcefully occupying South Korea are ready to move. This shows that based on having completed war preparations to invade the North, the rascals are working to put this into practice.

Due to the indiscriminate maneuvers by the puppets, a grave touch-and-go situation is being created on the Korean peninsula. The situation is moving toward the verge of war, and there is no guarantee anywhere that a war will not occur. The Kim Yong-sam puppet clique is viciously finding fault with us and is leading the situation to a tense condition. The purpose for this does not lie elsewhere, but is related to their situation in which they are faced with the crisis of an overall bankruptcy due to the secret fund scandal and the issue of punishing those involved in the 18 May Kwangju massacre incident.

They have raised a war commotion anytime a crisis in their rule was intensified. This is a hackneyed scheme of the puppet clique. Currently, the Kim Yong-sam ring is experiencing the worst crisis since it took power, because its crime of being the accomplice of the large-scale secret fund scandal which created a sensation has been uncovered, one by one.

Burning with indignation over the fact that traitor Kim Yong-sam spent time carrying out acts of theft and irregularities under the cloak of being clean-handed while sitting at the place of power, the South Korean people are strongly demanding to traitor Kim Yong-sam to completely make public the election funds he received from No Tae-u and step down from power. The South Korean people's struggle calls for the introduction of an 18 May special prosecution system is also making the puppet clique anxious.

Due to this kind of mass struggle by the South Korean people, which remind us of the June people's resistance of 1987, the Kim Yong-sam ring is currently standing on the edge of a precipice. He played all kinds of double games such as sending No Tae-u and Chon Tu-hwan to prison, and took measures to enact an 18 May special law, but since the Kim Yong-sam ring could no longer free itself from the crisis, it found its way out with the provocation of a new war, thus, driving South Korea into an atmosphere of war.

It is no coincidence at all for the people to say that Kim Yong- sam may provoke a war regarding the current situation created in South Korea. The explosive warehouse is becoming very hot, and a tense situation in which a war may break out at any moment is being created on the Korean peninsula. Nevertheless, the Kim Yong-sam ring is greatly miscalculating. Our people and People's Army are fully prepared to easily deal with the rascals' military adventure. They will not by any means tolerate the provokers. The road for war provocation cannot be a way out, but will only bring about their destruction in advance.

The Kim Yong-sam puppet clique must correctly look at the trend of the times, must not run amok recklessly, and should not find a way to live by war provocation, but make public the election fund as demanded by the South Korean people, and step down from power.

Buddhists Propose Discussion of Prisoner Issue

SK1912102295 Pyongyang KCNA in English 0855 GMT 19 Dec 95

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA) — The Central Committee of the Korean Buddhist Federation sent a letter to Pak Chin-kwan, chairman of the Buddhist Committee of Human Rights of South Korea, in connection with the fact that the Panmunjom contact between the Buddhists in the North and the South of Korea to discuss the issue of repatriating unconverted long-term prisoners failed owing to the South Korean puppet authorities' refusal to allow it.

It sent a letter to the Buddhist Committee of Human Rights of South Korea in response to the latter's September 26 proposal for meeting at Panmunjom to discuss the issue of repatriating the unconverted long-term prisoners. The Korean Buddhist Federation Central Committee in the recent letter proposed once again to meet even in a third country nearby to discuss the issue and the question of national reunification since the Panmunjom contact was impossible owing to the obstructive moves of the South Korean puppet authorities.

Military Exercises Analyzed by Japanese Daily

OW1812140995 Tokyo SANKEI SHIMBUN in Japanese 16 Dec 95 Morning Edition p 4

[Article by the North Korean issue researching team: "North Korea Watch — Pressure on the ROK, Which Is in Political Confusion"]

[FBIS Translated Text] Regarding moves by the North Korean (DPRK) Army, which has reinforced its front-line deployments, South Korean President Kim Yong-sam expressed concern on 12 December over the "North Korean Army's front-line deployments." The South and North are now in a state of the military tension. In Japan, on the other hand, the prime minister's office and the Defense Agency [DA] differ on the situation on the Korean peninsula. While Chief Cabinet Secretary Koken Nosaka asserted that he "does not think anything is going to happen," the DA maintains that "it is necessary to strengthen monitoring." Are the North Korean Army's moves an indication of the "unusual situation"? We looked into the circumstances behind the military moves.

According to the ROK National Defense Ministry, the North Korean Army has begun to show abnormal signs in its military moves since takeoff and landing exercises by airplanes in the late October. It conducted large-scale exercises in which approximately 400 military planes participated for 11 days beginning 21 October. Fighter bombers such as MiG-17's and MiG-19's have been deployed at three bases only 30 to 40 kilometers from the armistice line.

About 10 planes were additionally deployed to these frontline bases in December. If bombers take off from these bases and go southward, they can reach the South Korean capital of Seoul in just six minutes. For this reason, the South Korean Government is nervous about the North Korean military moves.

The North Korean Army's military exercises increased this year compared with the past. The army introduced additional equipment, including 240-mm multiple rockets capable of attacking Seoul from the armistice line. Military exercises, in particular, have been reinforced since September immediately after the flood disaster.

North Korea, taking the unprecedented stance of admitting to a shortage of funds, food, and energy to foreign countries, obtained Japanese rice aid and other assistance this year. Why has the country itself boldly created military tension?

Analyzing the North Korean Army's movements in December, Shoichi Tsukamoto, director general of the Peace and Security Institute, said: "These movements are intended to exert pressure on South Korea, which is in a state of disorder due to the arrest of former Presidents No Tae-u and Chon Tu-hwan and other factors. In view of Chinese President Jiang Zemin's recent visit to South Korea, North Korea also intends to keep China and South Korea from promoting closer ties."

Considering the fact that the North Korean Army holds winter military exercises in December every year, Tsukamoto said: "Judging from the scale of the present military deployments, I do not think this is a seriously unusual situation. In terms of North-South relations, the North Korean Army's assembling at the frontline has a meaning of political coercion rather than military intention. It is also aimed at raising the status of the military."

According to a Japanese Government source, Japan has obtained information from the U.S. Department of Defense on the North Korean Army's military exercises and other situations, in addition to its own research. However, the source stated that "there is a numerical gap between the information received from the United States and from South Korea, and the number indicated by the ROK National Defense Ministry is larger."

The DA, analyzing the North Korean Army's movements, said: "There is no thinking that a war will break out immediately. However, Japan needs to keep close watch and consider improving its readiness."

According to the DA, this reinforcement of North Korean military exercises are believed to be based on the following: 1) North Korea aims to tighten control within the military; 2) because the country has exposed its weak points, such as the economic suffering to foreign countries, it is trying to maintain the balance by demonstrating an aggressive military posture; and 3) it is trying to keep South Korea in check, observing the confused political situation in the country.

In Japan, Taku Yamasaki, chairman of the ruling Liberal Democratic Party's [LDP] policy research council, received a letter of greeting from Kim Yong-sun, chairman of the DPRK's Asian-Pacific Peace Committee, in early December. The Social Democratic Party of Japan, the LDP's coalition partner, still hopes to conclude the Japan-DPRK negotiations for normalizing diplomatic relations under the administration of Prime Minister Tomiichi Murayama. For this reason, the government is reluctant to talk about "North Korea's military threat." Given the situation, a "perception gap" between the government and the DA has been much touted.

Arrival of 'Relief Goods' From China Reported

*SK1912113995 Pyongyang KCNA in English
1132 GMT 19 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA) — Relief goods from Chinese Government arrived when the work is progressing rapidly to heal the flood damage in some areas of the DPRK and the life of inhabitants in those areas is being stabilized thanks to the benevolent politics of respected General Kim Chong-il.

1,118 tons of tetoron fibre worth 20 million renminbi yuan, the first of the relief goods worth 30 million yuan which the Chinese Government decided to offer the DPRK, arrived in Sinuiju on December 16.

The relief goods were transferred to the DPRK officials concerned.

Kim Chong-il Sends Thanks to Soldiers, Others

*SK1912043395 Pyongyang KCNA in English
0237 GMT 19 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officers and soldiers of the Cho Chol-yong Unit of the Korean People's Army and their families and public security officers of the Om Nin Public Security Department for sincerely helping people.

They gave full play to the spirit of loving people by affording convenience in the life of the people in the area where they are stationed.

Comrade Kim Chong-il also sent thanks to members of 18 agitation teams of housewives in Nangnang district, Pyongyang, for conducting agitation activities for increased production in different forms and ways on over 8,600 occasions in the past five years.

Kim Chong-suk's Birth Anniversary Commemorated

SK1912102095 Pyongyang KCNA in English 0852 GMT 19 Dec 95

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA) — December 24 is the 78th birth anniversary of Comrade Kim Chong-suk [Kim Chong-il's mother], an indomitable communist revolutionary fighter.

On this anniversary, an increasing number of people are these days visiting revolutionary sites individually or by family or by group.

Many people from all walks of life visited the Hoeryong revolutionary site situated in the northern part of Korea. The visitors went to the statue of Comrade Kim Chong-suk standing at the foot of Osan Hill and expressed their deep reverence for her. And they visited the "Revolutionary Museum of Comrade Kim Chong- suk" and more deeply grasped the brilliant career of Comrade Kim Chong-suk, who devoted her loyalty to the great leader President Kim Il-song, holding him in high esteem as the sun of the revolution, her undying exploit in making the lineage of the revolutionary cause of chuche firmly inherited and her noble traits of devoted service to revolutionary comrades and people.

The visitors firmly resolved to remain loyal to the great leader Comrade Kim Chong-il through generations by learning from the noble spirit of Comrade Kim Chong-suk, who devoted herself to the revolutionary work, delaying the visit to her native place to put President Kim Il-song's plan of building a new country into practice, although she returned to the liberated country more than 20 years after she left it.

The visitors including officers and men of the Korean People's Army, officers of the Ministry of Public Security, citizens of Pyongyang and members of the Wonsan City Committee of the League of Socialist Working Youth of Korea handed red flags which they had carried with them to the Hoeryong revolutionary site and helped preserve the site with sincerity, watering trees and flower plants around the statue of Comrade Kim Chong-suk with the spring water of Mangyongdae. School youth and children visited Kim Il-song University and the Mangyongdae Revolutionary School.

They heard an emotional explanation about the revolutionary history of Comrade Kim Chong-suk, who had conducted energetic activities with warm love for the future of the country, and held meetings, oratorical contests and poem-reciting meetings at which they evinced their firm determination to stoutly grow up to be inheritors of the revolution boundlessly loyal to respected General Kim Chong-il.

Dominican Communists Support Reunification

SK1912102595 Pyongyang KCNA in English 0857 GMT 19 Dec 95

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA) — The Fifth Congress of the Dominican Communist Party adopted a decision supporting the reunification of Korea on November 26.

The decision said that the Fifth Congress of the Dominican Communist Party more loudly expresses solidarity with the initiatives and actions to put an end to the Korean nation's tragedy of division and supports all the movements in the North and South of Korea to achieve the reunification of the country by means of founding a confederal republic.

The congress urges the South Korean authorities to punish the criminals who murdered their people and extends solidarity with South Korean people in demonstrations, the decision pointed out, and added:

We pay our respects to the resolute stand of the Korean leadership and people against the pressure put by the United States directly or through the United Nations under the pretext of the "nuclear issue".

Kim Il-song, Kim Chong-il 'Great' Traits Lauded

SK1912111395 Pyongyang KCNA in English 0923 GMT 19 Dec 95

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA) — Vishwanath, secretary general of the "International Kim Il-song Prize" Council and director of the board of the International Institute of the Chuche Idea, published an article headlined "Blue Sky Remains Above All People and Sun of Humankind Brighter."

Papers today devote one whole page to the article.

The author of the article has had the fortune of being received in audience by the great leader President Kim Il-song on twelve occasions from April 1977 to September 1993. In the lengthy article he impressively wrote what he saw, heard and felt as regards the great personality and traits of leadership of the president.

He said:

President Kim Il-song was like heaven, so I cannot describe him enough with letters and words.

To formulate and convey his greatness is a sacred work which I, a disciple of President Kim Il-song and one of the first generation of the chuche idea followers, should do for the contemporaries and posterity.

The author praises President Kim Il-song as heaven of all people and the sun of humankind.

He further says:

In the long flow of history, man had regarded heaven as a source of all things, the sun as a protector of life and eagerly looked for the patronage of heaven who can defend and take care of man's destiny. But heaven had never met the desire and aspiration of man. People tried to find a "saviour of destiny"- a great man who can administer the universe with ideology and benevolence but non- existence of such a great man in the real world was, indeed, the biggest tragedy of the human world.

At that time, it was a favour done by heaven for me that I heard legendary stories about President Kim Il-song and learned about his ideology.

The looks of Korea which I visited and saw in April 1974 for the first time reminded me of a giant taking the helm of history, bearing the hope, expectation and sympathy of humankind on his shoulders. Many monumental edifices in Korea were, indeed, a picture of great ideas inscribed in heaven which would not be overcast by snows and rains. A society, in which the human love humanity has wished for thousands of years prevails and in which a man is respected, is in bloom in Korea.

The chuche idea is a "bible" and "evangel" given to mankind by heaven, which makes it possible to set the souls of humanity into motion, increase the strength and beauty infinitely, make a man an independent maker of history and build an earthly paradise in all parts of the world.

President Kim Il-song was the greatest sage and man, who provided all people with the great political idea of chuche and made efforts for its realisation in his lifetime.

From ancient times there is a saying that a new political climate can be created only by the great man with wisdom, benevolence and valor. He was President Kim Il-song.

He was a great thinker and theoretician, brilliant military strategist and tested leader as well as a man of great value gifted with boundless love for people. His virtue covers the universe and the great chuche idea leads humankind to a road of independence with great attraction.

Former U.S. President Carter met with President Kim Il-song and said that the president is greater than the whole of George Washington, Thomas Jefferson and Abraham Lincoln, the three U.S. presidents who represented its foundation and destiny. This was not his thought alone.

President Kim Il-song is heaven of all people and the sun of humankind.

The author said that socialism of Korea built by President Kim Il-song is a society where the people are worshipped, which was unfolded by heaven. Humankind had dreamed of this society for tens of thousands of years.

He goes on:

When I visited Korea for the first time in April 1974, I witnessed the greatest event in the world. A law on totally abolishing the tax system from April 1, 1974 was proclaimed at the third session of the fifth Supreme People's Assembly of the Democratic People's Republic of Korea.

Right after the liberation of the country President Kim Il-song discussed the question of pencils for the children at the first "parliamentary session." This clearly shows what loving care the children of Korea are growing up under.

In Korea the medical fee and the costs of travelling to and from sanatoria are borne by the state. This is also a benefit given only by heaven.

The Korean people are free from all kinds of worries.

The history of human society is millions of years and there are more than 200 countries with different social systems on the earth, but no state has become the householder and taken care of the people's life in a responsible way in any period and any place.

Indeed, Korean society is an ideal society of humankind which could be built only under President Kim Il-song's idea of "believing in the people as in heaven" and the leader Kim Chong-il's politics based on love for the people.

The great leader Comrade Kim Chong-il's politics of love and trust has turned Korea's society into a grand flower garden of human love and a harmonious family.

He saw to it that a trade vessel changed its voyage course for two crewmen on the brink of death to give them operations, not sparing money, and in July last year when the country was overwhelmed by sorrow, took a measure to send a helicopter for the sake of a woman in a childbed and her triplets. Such love can be shown only by heaven of humankind.

The chuche idea of President Kim Il-song and the leader Kim Chong-il's politics of love and trust have placed Korea in the centre of the earth covering 140,000,000 sq km as a grand flower garden of human love.

The man who has struck the world with sacred benevolence, lofty fidelity, noble loyalty and filial piety is no other than the leader Kim Chong-il, who rose, along with President Kim Il-song, as the sun of independence and the heaven of all people in this turbulent century.

Since we bade the last farewell to President Kim Il-song on July 19 last year, our hearts ran towards the leader Kim Chong-il, who has implanted President Kim Il-song's sun-like image in the hearts of mankind and relieved the great sorrow at his loss.

Election of presidency did not take place though many days passed since the death, which further focused the attention of Western political circles.

The leader Kim Chong-il, through an order of supreme commander of the Korean People's Army, called upon the whole country to turn out in carrying through the president's behests with the beginning of construction of a project planned by President Kim Il-song in his lifetime.

The world reached the impressive conclusion that what the leader Kim Chong-il inherits is utterly different from the preceding ones. In other words, it is the inheritance of mankind's cause of independence pioneered by President Kim Il-song, not the succession of crown or office.

When the leader Kim Chong-il published the famous work "Socialism Is a Science" in November last year, the first of its kind since the death of the president, the world was struck once again.

A number of politicians all over the world praised the work as "communist manifesto of the 20th century", but I consider it to be "a great manifesto of independent mankind in the 20th century" and "a guide to future of mankind" sent by heaven.

It is only too natural that the world follows the leader Kim Chong-il, who indicates a bright road ahead of mankind with far- sighted clairvoyance and outstanding ideological and theoretical wisdom.

What the Western political circles fear and envy most is the source of Korea's singlehearted unity — the noble benevolent politics of the leader Kim Chong-il.

As they are under the noble benevolent politics, the Korean people are further rallied around him in any storm and stress, and carry out, with success, whatever difficult work.

With superb strategy, the leader Kim Chong-il has won a great victory in a two-year-long nuclear confrontation, which was like a World War with no gun report, and in military confrontation following the downing of a U.S. helicopter. And he continued to succeed in diplomacy with the adoption of an agreement for resumption of DPRK-Japan talks. This has, again, sent shock waves through the world.

Indeed, the leader Kim Chong-il is the greatest man and most brilliant commander in the world, who has moved the world with lofty fidelity, noble trait of loyalty and filial piety, distinguished ideological and theoretical activities, outstanding leadership ability and intense moral virtues [words indistinct] human history in a little more than a year.

It is a great fortune of this planet that mankind, who found out a road of rescue with President Kim Il-song held in esteem as the heaven of all people, has the leader Kim Chong-il, a peerless benevolent statesman and supreme incarnation of human love, as another sun and heaven.

Chapter Three of Finance Law Explained

SK1912123295 Pyongyang MINJU CHOSON in Korean 31 Oct 95 p 2

["Third and last installment" of unattributed article: "On the Finance Law"]

[FBIS Translated Text] Chapter Three of the Finance Law defines the finance position and role of the organs, enterprises, and organizations which are under the socialist finance system. It also defines the procedures, methods, and principles which the organs, enterprises, and organizations should follow in their finance management.

The great leader [yongdoja] Comrade Kim Chong-il has indicated: Only when plants and enterprises conduct finance management correctly, can the overall finance work of the country be properly carried out.

Chapter Three of the Finance Law first defines the finance position and role of the organs, enterprises, and organizations.

The finances of the organs, enterprises, and organizations are an integral element of the country's socialist finances, and constitutes a basic means to fulfill the people's economic plan.

In the socialist society, the country's finances are composed of two elements; the state budget and the finances of the organs, enterprises, and organizations. The state budget, as a basic finance program of the country, guarantees the overall economic management of the country and the finances of the organs, enterprises, and organizations are a comprehensive indicator of the economic management carried out by the organs, enterprises, and organizations. In this respect, the finances of the organs, enterprises, and organizations constitute a basic element of the socialist finance system. This is because the organs, enterprises, and organizations are precisely the elementary units which create the production of the gross national product and the national income, and generate and consume the finance resources of the country.

The reason the finances of organs, enterprises, and organizations constitute a basic means of fulfilling the people's economic plan is because the finances of organs, enterprises, and organizations play an important role in providing funds needed to fulfill the people's economic plan. The organs, enterprises, and organizations are the basic implementing units for the fulfillment of the people's economic plan of the state and providing and spending the funds needed for the fulfillment of the plan are the fundamental elements of the finance activities of organs, enterprises, and organizations.

Accordingly, the adequate finance management at organs, enterprises, and organizations is important in increasing production by improving the production and management activities, in overfulfilling the people's economic plan by enhancing the economic efficiency, and in developing the nation's economy.

By defining the finances of organs, enterprises, and organizations as an integral element of the country's socialist finances and as a basic means to fulfill the people's economic plan, the finances law shows the way the people's economic plan should be fulfilled and how the management activities should be carried out through finance management. Precisely by this legal definition, a guarantee is provided for organs, enterprises, and organizations for brining about a turn in all of their business management activities by making correct economic calculations through the adequate finance management, by conducting the economic management in a scientific and logical manner, and by carrying out all their economic activities competently and meticulously.

Chapter Three of the Finance Law also defines the procedures, methods, and principles arising in the financial management of organs, enterprises, and organizations.

The independent economic accounting system is a systematic and logical management and operation method for state-run socialist enterprises to create revenues for the state by making both ends meet in their operation and by carrying out business activities relatively independently under the centralized guidance of the state.

The reason the independent economic accounting system is applied at organs, enterprises, and organizations where goods are produced and management activities are carried out is because this system blends the communist character of the socialist society and its transitional character appropriately and helps overfulfill the state plan and increase production ceaselessly by enhancing the workers' zeal to produce and by ensuring the systematic and logical utilization of materials, resources, funds, and manpower based on accurate calculations.

The budget system is one to provide state-offered management funds to those organs incapable of creating revenues.

The organs, enterprises, and organizations operated under the independent economic accounting system should provide the portions they are supposed to provide self-supportingly in securing the operating funds for production and management and those organs which are operated under the budget system should make efforts to economize budgeted operating funds.

It is an important requirement of the financial management to work out appropriate financial programs and to implement those programs according to indicators and according to monthly and quarterly schedules.

Only when organs, enterprises, and organizations work out appropriate financial programs and implement those programs accurately, can production be increased and the economic management be efficiently carried out. In this regard, it is necessary to establish an aggressive and positive financial program by implementing the policy of unified and detailed planning and by mobilizing all hidden resources for production and conservation.

Monetary funds should be spent according to the financial programs and the cost should be reduced. This is an important requirement of the financial management. Only by spending monetary funds adequately and by reducing the cost, can production and construction be increased even if funds are insufficient and the management activities be improved constantly.

The procedures, methods, and principles which are stipulated in the finance law for the financial management of organs, enterprises, and organizations require that organs, enterprises, and organizations further improve their financial management work according to the demands of the Taean work system, carry out the management activities scientifically and logically, and implement the financial programs strictly according to the demand of the party policy and as a means to adequately implement the finance policy of the state.

Chapter Three of the Finance Law also stipulates such practical matters related to the financial management of organs, enterprises, and organizations as spending the operating funds exclusively created and owned by organs, enterprises, and organizations, spending the incentive award funds, and disposing surplus funds.

Foreign Leaders Support Cause of Korean People

SK1912044695 Pyongyang KCNA in English 0929 GMT 18 Dec 95

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA) — Noor Hassanali, president of Trinidad and Tobago, told the DPRK ambassador to his country that he believes the Korean people, a great, enterprising and progressive people with a great history, will achieve the reunification of the country.

He said that Trinidad and Tobago wants to develop friendly relations with the DPRK. Chitta Bash, general secretary of the Central Committee of the All-India Forward Bloc, said, when he received a delegation of the Workers' Party of Korea [WPK], that the WPK is a reliable fortress for the international communist movement and socialist movement and shows brilliant examples for these movements to frustrate the moves of the imperialists and reactionaries and defend the interests of the popular masses and the sovereignty of the country.

He stressed that the all-India forward bloc is pleased that the revolutionary cause pioneered by the great leader Comrade Kim Il- song is being brilliantly carried forward by the great leader Comrade Kim Chong-il.

Rafael Aguilar, national chairman of the Central Committee of the Lazaro Cardenas Front Party for National Reconstruction of Mexico, told the DPRK ambassador oo his country that he extends warm congratulations to the Korean people on their historic victory in the socialist economic construction, strengthening of the nation's defence capabilities and external relations under the wise leadership of the great leader Comrade Kim Chong-il this significant year, the 50th anniversary of the foundation of the Workers' Party of Korea.

He hoped that in the new year the Korean people will reunify the country upholding the proposal for founding the Democratic Confederal Republic of Koryo put forward by the great leader Comrade Kim Il-song and achieve brilliant success in the struggle for victory in socialism under the wise leadership of respected Comrade Kim Chong-il.

Vice Premier Sends Greetings to Togo Minister

SK1612105395 Pyongyang KCNA in English 0904 GMT 16 Dec 95

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA) — Vice- Premier and Foreign Minister Kim Yong-nam sent a message of greetings to Barry Moussa Barque upon his appointment as minister of state and minister of foreign affairs and cooperation of the Republic of Togo.

The message expressed the belief that the friendly and cooperative relations between the two countries would continue developing on good terms, and sincerely wished him success in his new post.

South Korea

U.S. Consular Services Halted 'Indefinitely'

SK1812074495 Seoul YONHAP in English 0735 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — The United States Embassy here stopped routine consular services indefinitely effective Monday due to the unresolved dispute over the U.S. Federal government budget, the United States Information Service (USIS) announced.

"We do not know at this time how long the shutdown will continue," a USIS statement said, "The embassy in Seoul will resume normal consular services as soon as it is permitted to do so."

Non-immigrant visa applicants who were told to pick up their passports on or before Monday may do so between 2 PM and 4 PM either that day or Tuesday, the statement said.

It added that information about the status of other pending non- immigrant visa applications will be provided when available.

The U.S. Embassy sincerely regretted the inconvenience that this shutdown will cause the public.

U.S. Commerce Official on Investment Decline

SK1612023795 Seoul THE KOREA HERALD in English 16 Dec 95 p 8

[FBIS Transcribed Text] A key reason behind the trend of U.S. disinvestment in South Korea and declining technical cooperation between the two countries is concerns over intellectual property protection and market access, a senior U.S. Commerce Department official said.

[illegible] with KEDO-N. Korean accord on nuclear [illegible] provision."]

[Transcribed Text] Seoul, Dec. 19 (YONHAP) — The North Korean nuclear issue entered its second phase last week when Pyongyang and the Korean Peninsula Energy Development Organization (KEDO) signed an agreement on the provision of light-water reactors (LWR) to the North.

The agreement added legally-binding forces to the general nature of the framework agreement signed between the North and the United States in October last year to scrap the communist nation's suspected nuclear weapons program.

The two sides spent the entire year trying to agree on terms and conditions involving the provision of the two reactors to the North by the international consortium in charge of the project.

The agreement stipulates that the International Atomic Energy Agency (IAEA) resume general and special inspections of the North's nuclear facilities.

It also calls for Pyongyang to remain within the Nuclear Nonproliferation Treaty (NPT) and maintain its freeze of its suspected nuclear arms program.

Other major obligations imposed on the stalinist state under the agreement include the dismantling of the North's graphite-moderated nuclear reactors, diversion of its spent nuclear fuel rods out of the country, and full implementation of IAEA safeguards.

The agreement paves the way for the reclusive nation to improve its relations with the United States and Japan.

Although the agreed framework signed in October last year was expected to serve as a breakthrough in improving relations between Seoul, Pyongyang, Washington, and Tokyo, there seemed to be have been [as received] no major improvement in inter-Korean relations.

The main reason is because of the North's repeated attempts to link implementation of the framework agreement to political and economic considerations.

The clause calling for resumption of inter-Korean dialogue was originally included in the Geneva agreed framework due to South Korea's insistence at the time.

Seoul then argued that resuming inter-Korean dialogue was inevitable during the course of supplying its standard nuclear reactors to the North.

Accordingly, South Korea has raised the issue of proceeding with inter-Korean dialogue while negotiating the nuclear issue throughout the year.

The North's strategy to link inter-Korean dialogue to political and economic considerations, however, has made it impossible for such talks to take place as stipulated by the Geneva accord.

While proceeding with measures to improve its relations with the United States and Japan, the North has tried to exclude South Korea.

Pyongyang seems to be cementing control of its society as well as strengthen its grip on power by intensifying tensions between its southern neighbor.

Even refusing to attend inter-Korean talks for the supply of rice aid to the North, which was stricken by floods last summer, North Korea meanwhile dispatched armed agents to the South and reinforced its troops near the Demilitarized Zone.

Holding Seoul responsible for the lack of inter-Korean dialogue, Pyongyang insists that South Korea has failed to foster an atmosphere conducive for such discussions.

In an early December edition of the North Korean newspaper NODONG SINMUN, an editorial said that the North could not find an atmosphere for the resumption of inter-Korean dialogue and that it has no dialogue partner in the South.

It also said, "We will never have talks with the South because sitting with South Koreans will be construed as blasphemous dialogue and will make fools out of aspirations for national reunification."

"The United States must not put the resumption of inter-Korean dialogue as a precondition for improvement in relations between Pyongyang and Washington if the United States really wants to improve relations with the North," it added.

South Korea meanwhile has maintained its position that it will deal with the North Korean issue strictly in accordance with mutual reciprocation.

Therefore, there seems to be no immediate solutions to the tense inter-Korean relations.

"What North Korea actually has in mind is how to reap economic fruits, such as the lifting of economic sanctions and invitation of investments by improving relations with the United States and Japan, in the course of settling the North Korean nuclear issue with the two countries," said a well-informed source on the North Korean nuclear problem.

Experts, however, say that the agreement's conclusion by KEDO will certainly play a role in thawing tense relations between the two Koreas in the long run.

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Delivering a speech at the U.S.-Korea Science and Technology Forum held in Washington DC, Wednesday, Mary L. Good, undersecretary of commerce for technology, said that American companies are leaving Korea at a rate not seen in other rapidly growing economies of East Asia.

Still, ambiguity over intellectual property protection, trade barriers, restrictions against foreign investment, and perception that the Korean government is focused more on domestic interests rather than international ones are problems cited by American firms doing business in Korea, she said in the speech which was obtained and released by the Washington-based office of the Korea Foreign Trade Association (KFTA).

Good said that another factor is rising labor costs in Korea, but this should be viewed as a positive trend and an indication of Korea's progress.

To revitalize technology cooperation between the United States and Korea, she said that intellectual property concerns must be addressed.

"If Korea complies with the trade-related intellectual property rights agreement, or the TRIPs, it will go a long way toward reassuring the U.S. government and U.S. business of an improved outlook toward intellectual property," said Good.

Paper Views Various Aspects of Reactor Agreement

SK1712232695 Seoul TONG-A ILBO in Korean 17 Dec 95 p 5

[Report by Yi Kyu-min from New York; from the "Reporter's Eye" column: "The In's and Out's of the Light-Water Reactor Agreement"]

[FBIS Translated Text] During a news conference on 15 December following the conclusion of the light-water reactor [LWR] supply agreement between the Korean Peninsula Energy Development Organization [KEDO] and North Korea, Ho Chong, the North's delegate and its Foreign Ministry's roving ambassador, made a comparatively satisfactory expression. What does this signify?

He claimed: "It is not stipulated anywhere in the agreement that the LWR should be ROK-style, but stipulated that it is an improved model designed by the United States." He gave a warning by saying that if the LWR is not supplied, it will not give up its graphite-moderated reactors. Regarding compromises made by our side in certain sectors, it seems the North is thinking about its advantage.

First, one of the major reasons the ROK is going to build two nuclear power plants by spending scores of hundreds of millions of dollars is to promote the opening of North Korea. To achieve this, we established unrestricted comings and goings of manpower as one of the core matters of negotiations, but on the whole, North Korean concessions were not obtained. In this regard, our side's delegate said we could not ignore the reality of strong North Korean opposition.

It was decided that the construction expenses are to repaid in installments free of interest over 17 years, with a three-year grace period. Seeing as we had emphasized internationally accepted business deals, it was inevitable for us to accept such unprecedentedly good conditions.

Therefore, when examining things from the concept of opportunity costs, there is a possibility that scores of hundreds of millions of dollars will be added to our burden. If the North does not fulfill its obligation, there is no other regulation than levying overdue interest, thus placing the repayment itself in question. In this regard, our side's delegate is asking us to view this supply agreement from a security viewpoint rather than from an economic viewpoint.

It was decided that the expenses with which North Korea will be burdened for power transmission and distribution facilities will be supported by us so that North Korea can obtain loans from international banks. We cannot eliminate the possibility that we may be shouldered with North Korea's debt in some cases. To pacify the threat of nuclear development by North Korea, it has become a precedent to build two power plants. Therefore, when questioned what alternatives there are if North Korea repeats such behavior in the future, our side's delegate did not give a clear answer.

At a time when our government is assuming a strong attitude toward the North, such as on the rice issue, our delegation, which consistently predicted "long-term" negotiations, hastily concluded negotiations regarding large projects that assist North Korea. How can this be explained from the aspect of maintaining consistency in policy?

Year-End Review of LWR Accord, N-S Relations

SK1912033395 Seoul YONHAP in English 0134 GMT 19 Dec 95

["Editor's Note" to YONHAP item by Hwang Tu-hyung headlined "KEDO-N.K. Nuke Accord Fails to Bring Thaw to Inter-Korea Relations": "This is the fifth in a series of year-enders reviewing major inter-Korean, socio-political and economic events this year. The following article looks at inter-Korean relations in connection with KEDO-N. Korean accord on nuclear reactor provision."]

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — The North Korean nuclear issue entered its second phase last week when Pyongyang and the Korean Peninsula Energy Development Organization (KEDO) signed an agreement on the provision of light-water reactors [LWR] to the North.

The agreement added legally-binding forces to the political nature of the framework agreement signed between the North and the United States in October last year to scrap the communist nation's suspected nuclear weapons program.

The two sides spent the entire year trying to agree on terms and conditions involving the provision of the two reactors to the North by the international consortium in charge of the project.

The agreement stipulates that the International Atomic Energy Agency (IAEA) resume general and special inspections of the North's nuclear facilities.

It also calls for Pyongyang to remain within the Nuclear Nonproliferation Treaty (NPT) and maintain its freeze of its suspected nuclear arms program.

Other major obligations imposed on the stalinist state under the agreement include the dismantling of the North's graphite-moderated nuclear reactors, diversion of its spent nuclear fuel rods out of the country, and full implementation of IAEA safeguards.

The agreement paves the way for the reclusive nation to improve its relations with the United States and Japan.

Although the agreed framework signed in October last year was expected to serve as a breakthrough in improving relations between Seoul, Pyongyang, Washington, and Tokyo, there seemed to be have been [as received] no major improvement in inter-Korean relations.

The main reason is because of the North's repeated attempts to link implementation of the framework agreement to political and economic considerations.

The clause calling for resumption of inter-Korean dialogue was originally included in the Geneva agreed framework due to South Korea's insistence at the time.

Seoul then argued that resuming inter-Korean dialogue was inevitable during the course of supplying its standard nuclear reactors to the North.

Accordingly, South Korea has raised the issue of proceeding with inter-Korean dialogue while negotiating the nuclear issue throughout the year.

The North's strategy to link inter-Korean dialogue to political and economic considerations, however, has made it impossible for such talks to take place as stipulated by the Geneva accord.

While proceeding with measures to improve its relations with the United States and Japan, the North has tried to exclude South Korea.

Pyongyang seems to be cementing control of its society as well as strengthen its grip on power by intensifying tensions between its southern neighbor.

Even refusing to attend inter-Korean talks for the supply of rice aid to the North, which was stricken by floods last summer, North Korea meanwhile dispatched armed agents to the South and reinforced its troops near the Demilitarized Zone.

Holding Seoul responsible for the lack of inter-Korean dialogue, Pyongyang insists that South Korea has failed to foster an atmosphere conducive for such discussions.

In an early December edition of the North Korean newspaper NODONG SINMUN, an editorial said that the North could not find an atmosphere for the resumption of inter-Korean dialogue and that it has no dialogue partner in the South.

It also said, "We will never have talks with the South because sitting with South Koreans will be construed as blasphemous dialogue and will make fools out of aspirations for national reunification."

"The United States must not put the resumption of inter-Korean dialogue as a precondition for improvement in relations between Pyongyang and Washington if the United States really wants to improve relations with the North," it added.

South Korea meanwhile has maintained its position that it will deal with the North Korean issue strictly in accordance with mutual reciprocation.

Therefore, there seems to be no immediate solutions to the tense inter-Korean relations.

"What North Korea actually has in mind is how to reap economic fruits, such as the lifting of economic sanctions and invitation of investments by improving relations with the United States and Japan, in the course of settling the North Korean nuclear issue with the two countries," said a well-informed source on the North Korean nuclear problem.

Experts, however, say that the agreement's conclusion by KEDO will certainly play a role in thawing tense relations between the two Koreas in the long run.

The North's suspected nuclear weapons program was one of the major factors which aggravated inter-Korean relations, they say, adding that conclusion of the agreement will eventually root out the fundamental factors which threatened the South.

For instance, bilateral economic relations will be improved as Seoul will be able to play the central role in supplying the reactors to the North by providing South Korean standard nuclear reactors.

South Korea is considering providing 3 billion U.S. dollars worth of construction materials and nuclear facilities to the North, with the amount to account for 60 to 70 percent of the total construction expense of the two light-water reactors.

Thousands of South Korean engineers and technicians will visit the North for the project's construction for the coming decade.

The supply of the reactors to the North will also help the position of reform-minded officials in Pyongyang's political hierarchy.

Although the signing of the KEDO agreement paved the way for smoother implementation of the Geneva accord, there still remains the possibility that the North will not fully honor the accord as agreed upon.

Pyongyang could break such promises by reactivating its nuclear facilities at any time and barring their inspection by the IAEA.

Rumors of Immediate North 'Provocation' Dismissed

SK1812083195 Seoul YONHAP in English 0818 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — A Chongwadae [presidential offices] official dismissed rumors on the heightened possibility of an outbreak of war on the Korean peninsula.

He said that no signs of imminent provocation by North Korea are reported. He, however, acknowledged that Pyongyang had stationed some 100 military aircraft near the frontline.

"More than 1,000 Korean and U.S. military men are closely watching North Korean moves," the source said, "no unusual military signs, however, are found at the moment."

"If we were to say of a possibility of the North's provocation, there should be some concurrent signs, but there are no such notable moves," he added. [sentence as received]

'Contradictory' Interpretations of North Movements

SK1612050795 Seoul HANGUK ILBO in Korean 15 Dec 95 p 11

[Report by Son Tae-kyu: "Contradictory Interpretations Surround North Korea's 'Military Moves'"]

[FBIS Translated Text] Despite indications at home and abroad that North Korea's military moves are alarming, the agreement to provide light-water reactors to North Korea was signed. What impact the result of these negotiations will have on North Korea's military moves are of interest because it is felt the hardline faction within the North Korean military, which recently gained power, has put the brakes on efforts toward opening up. In other words, the hardline faction, displeased with the moderate's attitude for international reconciliation, may possibly be planning a military provocation.

The warning that abnormal signs were evident in North Korea were first raised in the United States and Japan. Both nations added that although there is no indication North Korea will immediately launch a southward invasion, its moves are indeed threatening. The North Korean armed forces recently deployed 100-odd aircraft and heavy weapons along the front, and have yet to remove them. The number of military exercises has also increased. In particular, Choe Kwang, minister of the People's Armed Forces; Kim Yong-chun, chief of the General Staff; Cho Myong-nok, director of the General Political Bureau; and Air Force commander O Kum-chol, all of whom received their positions during the recent personnel reshuffle carried out by Kim Chong-il, are all hardliners known to be manipulating these abnormal moves. Meanwhile, our government assesses that having seized power, the North Korean military is now exercising real power.

However, some military experts point out these interpretations of North Korea's military moves are an overestimation. First, the recent reshuffling of North Korea's military leaders should be regarded as a generational shift rather than as the emergence of hardliners. According to these experts, Kim Chong-il guarantees the positions of high-ranking officials unless they disobey him, and commands them by assigning real power to those who are close to and trusted by him. Thus, the appointment of Choe Kwang from chief of the General Staff to minister of the People's Armed Forces means a retirement from the post that commands operations. On the other hand, Kim Kwang-chin, who was promoted to first vice minister, now holds the actual responsibility for the People's Armed Forces. In addition, Cho Myong-nok, director of the General Political Bureau, has already lost real power while Deputy Director Yi

Pong-won is playing the central role. Kim Yong-chun, who was promoted to chief of the General Staff, is one of Kim Chong-il's closest associates. Kim Yong-chun was recently awarded the title of "Labor Hero" for his service rendered in the capital construction project personally led by Kim Chong-il. As shown by this, the real power positions within the military have now been filled with new rising figures who loyally follow Kim Chong-il.

The experts also estimate that the advance deployment of airplanes was taken by O Kum-chol, the new Air Force commander, in order to firmly establish his power over his command, and the redeployment of some People's Army units is designed to eradicate corruption and irregularities now spreading in the North Korean armed forces.

The experts also point out that North Korea's recent military moves are part of North Korea's strategy for negotiations and "transaction" with the United States. They add that the U.S. intention to continue issuing warnings against threats by North Korea should be viewed from a different standpoint. In other words, by emphasizing the crisis on the Korean peninsula, the United States seeks to rid itself of the situation in which the position of the U.S. Forces in Japan is threatened as well as to soften the ROK's hardline attitude surrounding the sharing of defense expenses, the abolition of the memorandum on missiles signed with the United States, and revisions to the Status of Forces Agreement.

A relevant military official explained: The threat from North Korea is always a reality because of the division of our nation. What is important for us is to make thoroughgoing preparations in ordinary times before arguing about North Korea's movements.

Allegation of North Korea's 'Threat' Reviewed

SK1912085295 Seoul HANGYORE SINMUN in Korean 18 Dec 95 p 5

[Article by Kim Song-kol: "Is the Allegation of the North's Threat True?"]

[FBIS Summary] Articles reporting that "North Korea's military movements are unusual" have recently emerged in the mass media at home and abroad, and our attention is focused on whether this is true and if so, what led up to it. In particular, with the almost daily reports on North Korea's forward deployment of fighters in the area along the DMZ in local and foreign press and media, some people are even concerned that such unusual North Korean military movements would lead to a war.

Furthermore, the report that a U.S. aircraft carrier group will conduct a military exercise on the East Sea in January next year has aroused speculation of U.S. acknowledgement of North Korea's military threat against South Korea.

However, the view of the ROK-U.S. Combined Forces Command's [CFC] is different. In other words, the ROK-U.S. CFC strongly denies the possibility of North Korea's military provocation against South Korea.

"According to the remarks by an official concerned at the ROK- U.S. CFC on 17 December, the dispatch of the aircraft carrier, the Independence, and a nuclear submarine to the East Sea next January is simply part of their scheduled navigation course and is not a move to cope with North Korea's military threat."

The CFC official concerned says that the aircraft carrier Independence belongs to the U.S. 7th Fleet which covers the West Pacific and the Indian Ocean. Therefore, it has continued navigating in this region, and its advance into the East Sea next month is merely routine navigation.

Its navigation course has not been made public, but the aircraft carrier reportedly passed through our territorial waters early this year, as well.

According to a report, the U.S. Forces Korea [USFK] is strongly opposed to publicizing the navigation course of the aircraft carrier Independence.

A USFK official concerned said: "A political game was waged in South Korea in connection with North Korea's recent moves. I understand that this was why the United States refused to publicize the Independence's navigation course in a bid to prevent being entangled in South Korea's political game."

It is believed that such an attitude of the USFK was based on its estimate that although unusual moves are being noted in the North Korean army, it is not so serious that it will lead to expanded military action against South Korea.

In a press conference at Kimpo airport on 16 December, John Holum, director of the U.S. Disarmament Bureau, who visited our country, denied North Korea's military threat against South Korea, saying that North Korea has long deployed its troops in the area near the DMZ and its military moves cannot be viewed as especially serious.

A high-ranking official of the ROK Joint Chiefs of Staff has said that North Korea seems to be trying to enhance its overall military capability and that, "For now, we have yet to sense any sign indicating the need for an imminent war provocation at present."

The allegation of North Korea's threat seems to have spread following the combined defense conference held on 1 December and chaired by President Kim Yong-sam. The allegation of North Korea's threat was again reported by the mass media in Japan, the United States, and other foreign countries. Such an allegation of North Korea's threat came back to our country again through foreign press sources, and our domestic media rehashed the allegation again and again.

In its briefing on North Korea's threat at the meeting of the Intelligence Committee of the National Assembly held on 15 December the Agency for National Security Planning made a report whose contents was similar to that of domestic and foreign press reports. In this way, "they whipped up people's vigilance against North Korea."

"However, military experts said that North Korea has deployed its airplanes in the front area along the DMZ in an effort to cope militarily with the Foal Eagle ROK-U.S. joint military exercise conducted last October."

The military has assessed that the recent allegation of North Korea's threat has, to some extent, contributed to tightening the loosened security awareness among our people.

"However, some people hold that the tense atmosphere prevailing within our military due to the recent allegation of North Korea's threat has created the following adverse effects: 1) The creation of public unrest, 2) An adverse influence on the ROK's bid to host the World Cup soccer games in 2002, and 3) the justification for Japan to enhance its military capability, including its plan to introduce refueling aircraft.

Kim Yong-sam on Readiness for North 'Provocation'

SK1912030995 Seoul YONHAP in English
0256 GMT 19 Dec 95

[FBIS Transcribed Text] Western Frontline, Dec. 19 (YONHAP) — President Kim Yong-sam urged the military Tuesday to be completely prepared against any possibility of a reckless North Korean provocation out of its misjudgement of the current situation on the Korean Peninsula.

Kim emphasized the importance of a tighter national security posture while inspecting a military unit on the western front, where he encouraged soldiers who are on alert service and training in cold winter.

"Firm and tight national security is the prime task of the national administration," Kim asserted.

The chief executive also visited a general outpost at the northernmost frontline and was briefed on the latest movement of the North Korean military and its slanderous broadcasts against South Korea.

Referring to the government's efforts to rectify the nation's past, Kim said that the honor of the military, which had been tainted earlier by some political soldiers, can be recovered completely upon liquidation of the Dec. 12 and May 18 tragedies through the legislation of special laws on the incidents.

Daily Views Current North Korean Situation

SK1812071095 Seoul SEOUL SINMUN in Korean
15 Dec 95 p 10

[FBIS Summary] North Korea is the only Stalinist communist dictatorial state in the world and is now facing the worst crisis due to its isolation from the international community as a result of the downfall of socialism, including its serious food shortage. It is amazing that North Korea survives despite such difficulties.

There are reports that North Korea has been making a strange move and contradictory action, forecasting a possibility of its collapse and provocation. What's going on in North Korea right now?

Even if 17 months have passed since Kim Il-song died, North Korea has delayed the official succession to the supreme power. If Kim Chong-il had taken control of the military, the party, which thoroughly holds a dominant position over the Army in North Korea, would have prepared the event marking the 50th anniversary of founding of the Workers Party of Korea held in October. As a matter of fact, however, the military leadership actively organized the event.

President Kim Yong-sam stated: "The succession to Kim Il-song has not been completed. This indicates that the Army has taken over power, and that the military leadership is doing things on its own. North-South relations are now placed in a serious situation. Also, we should be alert to North Korea because we don't know what kinds of acts North Korea will commit in the future."

Also, North Korea's food situation is getting worse. The head of the World Food Program delegation, who visited North Korea, stated that foreign countries' response to North Korea's request for food aid is not good. If the food situation is not improved, we cannot but close the office of the World Food Program in Pyongyang."

Considering such circumstances, how can North Korea trigger provocations [rewording] against South Korea?

However, we are concerned about North Korea's offensive attitude toward South Korea. There are reports that North Korea has changed the military organization. Also, it was learned that North Korea has one million well-trained [rewording] troops and stockpiles food and ammunition for military purposes. In this respect, we cannot rule out the possibility that North Korea may trigger provocations [rewording] against South Korea. Today, we cannot predict the future of North Korea. Neither provocation by North Korea nor its collapse is desirable for us. However, we should be alert to the current North Korean situation all the time.

Ministry Denies Talks on More Rice Aid to North

*SK1812075595 Seoul YONHAP in English
0730 GMT 18 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — The government is not reviewing additional rice aid to North Korea at all because of Pyongyang's apparent lack of effort to improve inter-Korean relations, such as turning down government-level dialogues, a spokesman at the National Unification Ministry said Monday.

Briefing the ministry's ranking officials at a meeting, Kim Kyong-ung officially clarified that the ministry has never made secret contacts with the North to discuss the rice issue.

"Given the current political situation (in the South)," the spokesman commented, "that discussing of the additional rice aid question is improper is the government's consistent stance."

Regarding a visit to China Dec. 15-17 by Hong Chi-son, a director general of the Korea Trade and Investment Promotion Corporation's North Korea Department, Kim confirmed that the purpose of Hong's trip was to consult on next year's business, denying a possibility of a clandestine contact.

Official Views Rice Aid, Contacts With North

*SK1812102195 Seoul KBS-1 Radio Network
in Korean 0903 GMT 18 Dec 95*

[FBIS Translated Text] The government said on 18 December that it will not provide additional rice aid or any other support to North Korea at all under the current situation, in which North Korea has deployed additional troops around the truce line and is strengthening its policy of slandering the South.

In a statement released today, Kim Kyong-ung, a spokesman for the Ministry of National Unification, said: North Korea makes no effort to improve South-North dialogue and is only strengthening its hard- line policy toward the South. Then he made it clear that for this reason, the government is not considering additional aid to North Korea, or planning a secret contact, or any other form of contact with North Korea.

Meanwhile, a government official said: Japan promised in September to provide North Korea with 200,000 tonnes of rice. However, since only 20,000 tonnes of rice has reportedly been shipped so far, it appears that North Korea has secured enough rice to meet the demand for wintertime.

Hong Said To Contact DPRK Officials in PRC

*SK1812051895 Seoul TONG-A ILBO in Korean
18 Dec 95 p 1*

[FBIS Translated Text] Amid seriously strained North-South relations due to North Korea's abnormal moves, including the advance deployment of North Korean Army elements along the DMZ, Hong Chi-son, chief of the North Korean affairs office at the Korea Trade and Investment Promotion Corporation [KOTRA], who led the secret contacts with North Korea for the rice provision this year, is secretly contacting the North Korean side again, thus attracting the people's attention.

According to relevant authorities, Office Chief Hong Chi-son left for Beijing, China, on 15 December, and is now secretly contacting relevant officials from North Korea's Samcholli General Corporation and discussing impending issues between North and South Korea, including additional rice support.

A relevant high-ranking KOTRA official revealed on 17 December that "Office Chief Hong Chi-son went to China with a view to correctly understanding the North Korean situation."

It has been learned that Office Chief Hong is discussing with relevant officials from Samcholli General Corporation means to additionally provide relief materials, including food, medicine, and blankets, to North Korea where a food shortage has been further aggravated due to the worst flood damages in history last summer.

A high-ranking government official said: The Beijing contact is not the one between the authorities [of the North and the South]. However, the necessity was raised through diplomatic channels for supporting foodstuffs and other relief materials to North Korea in a bid to prevent North Korea from abruptly collapsing. Thus, he suggested that the government is reviewing additional aid for North Korea.

This official pointed out that "considering the negative public opinion prompted by the incident of the forcible hoisting of the North Korean flag and so forth, which occurred in the course of sending 150,000 tonnes of rice to North Korea this year, the government is reviewing its policy to allow the shipment of relief goods to North Korea by civilian organizations, instead of government-led channels."

A relevant Foreign Ministry official said that "through an unofficial channel, the United States recently requested our side to offer additional food to North Korea."

The government believes that North Korea would be able to persevere for the time being with the rice offered by the ROK, Japan, and the like, and with the rice it produced this year. Thus, the government is reviewing a plan to provide North Korea with additional foodstuffs next spring when the food shortage will reach a limit.

Meanwhile, according to a rumor among the diplomatic circles in Tokyo, Yi Chong-hyok, vice chairman of North Korea's Asia-Pacific Peace Committee who was in charge of rice negotiations with Japan, held a secret contact with the ROK side around 7 and 8 December in Beijing.

DPRK Food Aid Request to PRC 'Turned Down'

SK1812094995 Seoul KBS-1 Radio Network in Korean 0904 GMT 18 Dec 95

[FBIS Translated Text] It has been learned that Chon Kum-chol, head of the North Korean delegation to inter-Korean rice talks, recently visited Beijing and contacted concerned Chinese authorities, ROK companies, and Korean residents living in the United States to ask for food aid, but his request has been turned down.

According to Beijing sources, Chon Kum-chol arrived in Beijing in late November and stayed there until last weekend. During his visit, he asked for rice and flour aid in vain. In particular, Chon asked China to supply North Korea with flour, but China has reportedly turned down his request because of China's food problems. ROK companies have also showed a negative response to Chon's request for rice aid, taking the current South-North relations into consideration. In Beijing, Chon also met with Korean residents living in the United States and asked for the supply of 600,000 tonnes of corn to North Korea, but failed to receive a positive answer from them. Chon reportedly returned to Pyongyang on 16 December.

Personal Background of DPRK Envoy to PRC

SK1912082295 Seoul HANGUK ILBO in Korean 18 Dec 95 p 13

[Article by Min Pyong-yong, research member of the HANGUK ILBO Institute for Unification Affairs, from the "Figures Ruling North Korea" column: "Chu Chang-chun, North Korean Ambassador to the PRC"]

[FBIS Translated Text] The family background and experience of North Korean diplomats are various. Of all North Korean diplomats, there are some who started working as career diplomats from the beginning, but many of them came from the military, academia, the cultural field, and the news media. In general, the North Korean diplomats have been mainly conducting such political activities as propagandizing its system and slandering South Korea in the international community.

Whenever there is an important issue, Chu Chang-chun, 73, North Korean ambassador to the PRC, has held news conferences in Beijing and announced the DPRK Government's position, serving as a spokesman for North Korea in a foreign country. When the North Korean nuclear problem became an issue, he made an offensive remark saying that "we will regard any sanction as a declaration of war." Also, he continues to call for the abolition of the South Korean National Security Law. At the beginning of this year, he stated that "North Korea's foreign policy will be carried out based on the improvement of North Korean-U.S. relations."

At present, he is ranked 104th in the party hierarchy. He is also a member of the party Central Committee, as well as deputy of the Supreme People's Assembly. He is well known to the ROK because he visited Seoul as deputy head of the North Korean delegation to the North-South Red Cross talks in 1972. In 1985, Chu visited Seoul again as deputy head of the North Korean delegation to the first round of the preparatory contact for the North-South parliamentary talks.

He was born in Myongchon, North Hamgyong Province, in 1922. He participated in communist activities when he was attending a university in Japan. Because of this, he was once arrested by the Japanese police. After the nation was liberated, he served as party member of the Workers Party of Korea in Chongjin city, section chief of the propaganda department of the party in 1956, and deputy chairman of the External Liaison Committee. He also worked as director of the General Bureau of Publications, and as vice director of the party's Propaganda and Agitation Department. He contributed to purging the Yonan faction and a faction related to the former Soviet Union, while devoting himself to establishing the Kim Il-song monolithic ideology. Thanks to such achievements, Chu was appointed as the senior member (major general) of the Military Armistice Committee of the North Korean side from April 1959 to 1961.

He began working as diplomat in 1963 when he served as consul general in Burma. In 1972, he served as secretary general of the Central Committee of the North Korean Red Cross Society. In 1980, he went to Yugoslavia as North Korean ambassador. Also, he served as NODONG SINMUN's editor in chief, thus playing a leading role in safeguarding the North Korean system. He has served as North Korean ambassador to the PRC since Sin In-ha, 89, died in September 1988. He was a member of the funeral committee for Kim Il-song and O Chin-u. He has been concentrating his efforts on strengthening friendly ties with the PRC.

Ministry Regrets Japanese Official's Remarks

SK1912120595 Seoul YONHAP in English
1141 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — The Foreign Ministry on Tuesday afternoon expressed regret at alleged criticizing by a senior Japanese politician of South Korea's history education as "anti-Japan education."

Reports from Japan indicated that during a forum sponsored by the Japanese Critics Association on Monday, Ichiro Ozawa, secretary general of the New Progress Party, criticized South Korea's history education, calling it "politically motivated anti-Japan education."

A spokesman for the Foreign Ministry said in a comment that if the reported remarks were true, it would be surprising to learn that an influential Japanese politician harbors the mistaken understanding that South Korea's public education is directed against Japan for political reasons.

"Our history education is to teach historical facts as they are," the spokesman said, adding that calling the education as "anti-Japan education" must derive from his mistaken historical perception.

The spokesman said his ministry was finding out if the reported remarks of Ozawa are factual.

Ambassador to UN Comments on Stand at UNSC

SK1912094495 Seoul YONHAP in English
0906 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — South Korea may have to discard its Cold War-era practice of siding with its Western allies in every major international issue if it wants to maximize national interests in light of the changing face of post-Cold War international politics, Ambassador Pak Su-kil said Tuesday.

"In some of major international issues, we will have to side with Third World countries at the UN Security Council (UNSC)," said Pak, permanent representative to the United Nations. He flew here to have policy coordination talks with Foreign Minister Kong No-myong on dealing with major international issues at the UNSC.

Pak also said that UN Secretary-general Butrus Butrus Ghali has recently expressed his hope to visit Seoul and Pyongyang concurrently through the truce village of Panmunjom at the end of next March.

"Ghali has great interest in the Korean peninsula and his visit to Seoul and Pyongyang will help ease tensions on the Korean peninsula," he said.

Explaining that the Foreign Ministry recently reinforced its permanent representative to the United Nations to effectively handle new jobs involving the UNSC, Pak also said that a 24-hour emergency communications system linking his ministry with its UN representative office has been established.

"We need such a system because we, as a member of the UNSC, will have to deal with war and any other emergency situations," he said, "the Security Council holds at least one meeting every day because it has so many things to do."

He said that the UNSC has grown into a kind of international police to monitor and reach solutions to a variety of international conflicts, particularly during the post-Cold War era.

For one thing, South Korea has had difficulty in deciding its position on economic sanctions against Iraq, he said.

"Iraq has been suffering from severe difficulties getting through UN economic sanctions, although medical supplies and humanitarian goods have been excluded from the sanctions," he said.

Pak said that he had been cordially invited by an Iraqi vice premier who recently visited New York to a meeting asking Seoul to abstain from a UNSC voting that would extend sanctions against Iraq. The Baghdad official insisted that his nation had already followed requirements imposed by the UNSC.

Another sensitive issue for Seoul has been sanctions against Libya. South Korea is in a difficult position on the issue because quite a number of its firms are involved in 20 billion U.S. dollars worth of construction works in the Muslim state.

"Any unfriendly decision by South Korea towards Libya at the UNSC may adversely affect economic relations between South Korea and Libya," he said.

Pak, however, expressed hope that his nation's role as a member of the security body may strengthen peace and stability on the Korean peninsula and eventually lead to national reunification.

"South Korea's peaceful and constructive efforts in the UNSC will finally get rid of uneasiness on the part of neighboring countries on national reunification of the Korean peninsula," he said.

A reunified Korea will have to emerge as a big power in Northeast Asia in terms of population and economic power as well as military power, he added.

"In that sense, it is very natural to think that Korea's neighboring countries cannot have favorable attitudes towards reunification of the country while keeping close eyes on the efforts for the reunification of the Korean peninsula," he added.

He cited the process of reunification by east and west Germany, which was initially met with reluctance by Russia, the United States and France.

"Anyway, South Korea's status has grown greatly in the diplomatic arena since its joining the UNSC," he said. "I've been so frequently asked by ambassadors and high-ranking officials from both world powers and Third World countries to see them that I could not meet all of them."

Pak said that he was very proud of being the first Korean ambassador to the United Nations. [sentence as received]

Saudi Oil Minister on Promotion of Trade Ties

LD1512213995 Riyadh SPA in English
1923 GMT 15 Dec 95

[FBIS Transcribed Text] Seoul, Dec 15, SPA — Eng 'Ali al- Nu'aymi, the Saudi minister of petroleum and mineral resources, has emphasized the keenness of the government of custodian of the two holy mosques King Fahd Bin-'Abd-al-'Aziz Al Sa'ud to promote commercial ties with the Republic of Korea whether on petroleum or other economic and trade fields.

Eng al-Nu'aymi, who made the remarks in a statement to the SAUDI PRESS AGENCY (SPA) following his meeting with the Korean minister of trade and energy Pak Chae-yun in Seoul Thursday [14 December], termed South Korea as one of the most important oil markets of the kingdom in the world as it imports more that 30 percent of its oil requirements of two million barrels a day from the Kingdom of Saudi Arabia.

He said the Kingdom of Saudi Arabia is attaching great importance on its petroleum relations with South Korea through providing the Korean market with crude oil and various petroleum products along with partnership in joint oil projects like the Sang Yong [name as received] oil company which refines and distributes the Saudi crude oil inside Korea and exports the surplus. The Kingdom of Saudi Arabia owns 35 percent of Sang Yong company.

Eng al-Nu'aymi, who started a visit to South Korea on Thursday discussed with Mr. Pak Chae-yun the bilateral cooperation between the two countries and ways to enhance petroleum ties.

The meeting was attended by Prince Faysal Bin-Turki Bin-'Abd-al- 'Aziz the adviser at the Ministry of Petroleum and Mineral Resources, 'Abdallah Salih Bin-Juma', the chairman of the Saudi Aramco, Jawad al-Saqa' and Dr Ibrahim al-Mohana', the advisers at the ministry and 'Abd-al-'Aziz al-Raydi, the Saudi charge d'affaires in Seoul.

Eng al-Nu'aymi is visiting South Korea, the first leg of a tour that would also take him to the People's Republic of China.

Foreigners' Use of Won-Fund Accounts Increases

SK1612023495 Seoul YONHAP in English
0128 GMT 16 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP) — Won-fund accounts of non-residents or aliens opened at domestic foreign exchange banks totaled 1.27 billion won [US$1.7 million] on a balance basis at the end of last month, up 214 percent from the end of 1994, the Bank of Korea (BOK) announced.

In October 1993, the government allowed non-residents to open what it calls "the free won-fund account" at domestic foreign exchange banks, enabling them to pay in won their visible (merchandise) and invisible (service) trade bills.

The announcement said bills foreigners settled through these accounts during the first 11 months of the year totaled 12.95 billion won, up 548 percent from all of last year.

Freight, insurance and other service bills they paid through these accounts during the 11-month period amounted to 8.59 billion won, an 11-fold increase from a year earlier, while merchandise export and import bills they footed climbed more than seven-fold to 780 million won.

BOK attributed such increases to the raising of the ceiling on won settlement of trade bills through these accounts from the former 100,000 U.S. dollars per bill to 300,000 dollars.

Majority of Pollees Approve of Kim's Performance

SK1912123195 Seoul CHOSON ILBO in Korean 17 Dec 95 p 2

[Report by Pak Chong-in on the result of a poll conducted on 14 December with 1,000 adult men and women from across the country by CHOSON ILBO and the Korean Gallop Poll on President Kim Yong-sam's performance, pending issues, and political parties they support]

[FBIS Summary] People polled list political stability as the most urgent issue to be settled. Following the list of priorities is stability in the price of commodities and economic growth, according to the poll. Fifty-eight point five percent of the pollees positively appraised President Kim Yong-sam's performance of his duty because he is doing well in eliminating corruption and in dealing with the "fraud" committed by former presidents.

"To the question what is the most urgent pending problem for our country to solve (with answers overlapping), 44.2 percent of the pollees mentioned political stability, 28.5 percent stable commodity prices, 19.7 percent economic growth, 17.1 percent resolving the 18 May incident and the 12 December military insurrection, 17.0 percent gouging out the irregularities of the Fifth and the Sixth Republic, 14.5 percent gouging out corruption and the continuation of reform."

"As to the question whether President Kim Yong-sam is doing his job well, 58.5 percent of the pollees said yes, thus affirmatively appraising his performance of his duties. Meanwhile, 30.7 percent of the pollees said no. Six point one percent said fair, and 4.7 percent said, 'I do not know, or I will wait and see.' When compared with the previous poll taken on the same subject on 15 April by the same polling organization, this represents 13.6 percent increase in the affirmative appraisal and 7 percent decrease in the negative appraisal. In the previous poll, which was conducted with the local autonomous elections approaching, 44.9 percent answered affirmatively and 41.7 percent answered negatively."

"As for the by-age-group distribution, 63.1 percent of the age group over 50, the greatest percentage among age groups, answered affirmatively, and 37.2 percent of the age group of those in their twenties, the greatest percentage among age groups, answered negatively. The negative appraisal of President Kim's performance came with the greatest percentage by educational experience from those with college education (35.6 percent), and by occupation from business owners (42.4 percent), and by region from Taejon-South Chungchong area (43.6 percent)."

As to the question, 'which problem does President Kim deal with well?' 24.3 percent noted his 'weeding out corruption and pushing ahead with reform,' 21.9 percent 'his dealing with the fraud committed by former presidents,' 13.5 percent 'his dealing with the 18 May incident and the 12 December military insurrection,' and 11.3 percent 'his implementation of the real-name financial transaction system.' The previous poll taken in April also showed the greatest percentage in weeding out corruption and the implementation of the real name transaction system, 20.7 percent, and 12.0 percent, respectively."

To the question 'What problem do you think the president is mishandling?' 21.2 percent noted 'inflation and economic instability,' followed by unsatisfactory dealing with the 'fraud' committed by former presidents (7.3 percent), political unrest (6.9 percent), the lack of political ability for the benefit of the populace and the large gap between the rich and the poor (5.9 percent), retaliatory politics and the suppression of opposition parties (5.0 percent), dealing with the 18 May incident and the 12 December military insurrection (4.8 percent), and disparity between words and action and inconsistent policy (4.7 percent)."

As to the question on the presidential system and the cabinet system for the development of the country, 44.6 percent preferred the presidential system and 35.3 percent preferred the cabinet system. However, 47 percent of those in their twenties preferred the cabinet system.

"As to the question on the suitable candidate for the next political leader (overlapping question), 47.3 percent said 'I do not know,' or did not respond, thus revealing that nearly half of the people are unable to find a suitable candidate for the next president among those in active politics. The remainder of the pollees named Pak Chan-chong (15.9 percent), Kim Tae-chung (15.1 percent), Cho sun (3.8 percent), Kim Chong-pil (3.4 percent), Yi Hoe-chang (3.1 percent), Yi Hae-chan (2.4 percent), Yi In-che (2.1 percent), and Kim Yun-hwan (1.9 percent)."

As to the question, 'Which political party do you support?' 28.0 percent said, 'I have no political party to support,' and 22.4 percent supported the New Korea Party, 18.2 percent Democratic Party, 14.3 percent the National Congress for New Politics, and 8.9 percent the United Liberal Democrats."

The poll was taken with 1,000 men and women of ages 20 or older across the country selecting the pollees at random from the telephone directory. The pollees consisted of 493 men, 507 women, 314 persons in their twenties, 266 in their thirties, 170 in their forties, 250 in their fifties or older. By region, 275 persons were from Seoul, 200 from Inchon and Kyonggi Province, 34 from Kangwon Province, 96 from Taejon and Chungchong Province, 116 from Kwangju and Cholla Province, 118 from Taegu and North Kyongsang Province, and 161 from Pusan and South Kyongsang Province. The poll was taken by telephone, and the margin of error on the result of the poll was plus and minus 3.1 percent on 95 percent credibility."

National Assembly Endorses Appointment of Yi

SK1812074995 Seoul YONHAP in English
0737 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — The appointment of new Prime Minister Yi Su-song was formally approved Monday afternoon by the National Assembly through a vote at its plenary session.

The former Seoul National University president was designated as premier by President Kim Yong-sam Friday.

Out of the total number of 289 incumbent lawmakers, 246 legislators voted, with 206 voting for Lee's appointment and 36 against. There was also one abstention and three invalid votes.

Yi Vows To Advance Reform in 'Quiet' Manner

SK1812103595 Seoul YONHAP in English
0909 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — Newly-appointed Prime Minister Yi Su-song declared Monday that his cabinet would "continue to push for reforms and improvement in a quiet and persistent manner."

Speaking at his inaugural ceremony at the integral government complex, Yi said, "the public officials' declaration of their assets, the real-name financial transaction system and reform of the election system have achieved a lot so far. But there are still too many things left to be addressed (for the realization of national goals." [no closing parenthesis as received]

The current administration, he added, should quietly and persistently push for reforms and improvement, instead of being satisfied with small results.

The National Assembly approved his appointment as the new prime minister Monday afternoon. Yi, the former president of Seoul National University, replaced Yi Hong-ku.

"The history rectification is a kind of starting line in continuing to open a new era by mending the country's wrong ways," he said, "it is the mission of us public officials to be united during this difficult time to boldly correct the wrong system and customs beyond the level of a mere cleanup of old-school administrators and politicians, and to obey wholeheartedly the people's will while respecting law and order."

As for important policies the government proceed with [as received], he pressed for the strengthening of the economy's international competitiveness, creation of fair competition conditions among enterprises, relaxation of unnecessary regulations, reform of various systems, creation of cooperative structures between small and big enterprises and improvement of living conditions for workers, farmers and fishermen.

Yi Recommends 'Young,' 'Reform-Minded' Cabinet

SK1812030995 Seoul YONHAP in English
0302 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — Prime Minister-designate Yi Su-song has recommended the appointing of "young, fresh and reform-minded people" for President Kim Yong-sam's new cabinet, which will be announced upon parliamentary approval of Yi as new premier.

The National Assembly is scheduled to hold a plenary session to endorse Kim's naming of the Seoul National University president as prime minister as early as Monday afternoon.

A source close to Yi said he had made the recommendation during his meeting with President Kim at Chongwadae [presidential offices] Sunday night.

Conservatives having taken served under the Fifth and Sixth Republics should not constitute the mainstream of the new cabinet, the outgoing university president was quoted as telling the chief executive. [sentence as received]

Yi also strongly asked the president to replace even those incumbent ministers who are not slated for replacement if they do not agree with his political philosophy because of their having served for a short period of time in the outgoing cabinet.

Unlike his predecessors, Premier-designate Yi offered his idea about the coming reshuffle of Chongwadae staff in light of reforming Chongwadae-cabinet relations towards straightening out the distorted history of the country, the source said.

Presiding over his last meeting of college deans as his alma mater's head Monday morning, Yi declared he would work with a firm conviction in the administration, even if it makes him resign as premier after only a few months of service.

When some deans expressed concern that he would become a short-lived premier through conflicts with Chongwadae, he said, "I don't think there will be any conflicts as long as I do the right things."

But he added, "I don't have a plan to serve as premier for long, nor do I have a prospect of staying there for long."

Yi Views Plans, Consideration of Ex-Officials

SK1812104495 Seoul YONHAP in English
1033 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — New Prime Minister Yi Su-song said Monday afternoon he favors "improvement," rather than "reform," of the government's administrative programs in the sense of ensuring their continuity.

In his first official press conference as prime minister, Yi said he is willing to recommend more officials hailing from the Honam area as cabinet members in a move to rectify regionalism.

"But, whether or not to accept my recommendation is entirely up to the president," Yi said.

Asked if he plans to eliminate those who served under the Chon Tu-hwan and No Tae-u administrations from his new cabinet, Yi said he does not discriminate against any one simply because he served a specific president.

On ideas to resolve the current political impasse, Yi said that even if he has some ideas, it would be proper for him to recommend them to the president instead of publicly discussing them in the press conference.

He said that in May 1980 he suffered some hardship caused by coup leaders.

"In my mind, however, I have already pardoned them as can be seen in my officiating at the wedding of the children of some military officers who interrogated me," he said.

Yi also said there need the sentiments to respect and embrace those business leaders who have been indicted for involvement in No Tae-u's slush fund creation.

"If a strongman asks you for money, you would have no way to shun it," he said.

Commenting on the allegation that the appointment of Yi, a native of North Kyongsang Province, was part of the incumbent administration's policy to win the hearts of the estranged people of Taegue and North Kyongsang Province, Yi said he does not recognize so-called personnel regionalism.

"My father's native hometown is North Kyongsang Province. But, I was born in Hamhung, North Korea, and later lived in Kwangju and Pyongyang," he said.

Yi Receives Ministers' En Masse Resignations

SK1912031195 Seoul YONHAP in English
0249 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — President Kim Yong-sam will receive resignations en masse from current cabinet members except for new Prime Minister Yi Su-song Tuesday, and plans to announce his cabinet reshuffle Tuesday, a senior presidential secretary said.

The chief executive will also have talks with new cabinet members in order to change new vice-minister level officials around this weekend.

Prime Minister Yi presided over his first cabinet meeting at the government building Tuesday morning and received en masse resignations from 22 ministers. He will submit them to President Kim later [in] the day.

The cabinet reshuffle is expected to affect Hong Chae-hyong, deputy prime minister and minister of finance and economy, Na Ung- pae, deputy prime minister and minister of unification, and about 12 others.

Around five to six senior presidential secretaries, including chief presidential secretary Han Sung-su, may also be replaced.

Reporter Urges 'We Must Blow Up' Chongwadae

SK1512003695 (Clandestine) Voice of National Salvation in Korean
to South Korea 0308 GMT 14 Dec 95

[FBIS Translated Text] An ombudsmen circle that is an ideological group within the ROK's [words indistinct] held a meeting on [date indistinct] November in connection with the super-large secret-fund scandal involving No Tae-u. In the meeting, a former judge identified only as Chang, who discarded his judge's robe and became a lawyer [words indistinct], said: [passage indistinct] No Tae-u's secret funds must thoroughly be investigated and must be denounced in the name of the people. At the same time, the secret funds held by Kim Yong-sam, who came to power with a huge slush fund he had received from No Tae-u, must also be completely investigated. Kim Yong-sam, who became one of the seven richest men in the ROK in the short time since he assumed the presidency, said he had not received a single penny from No Tae-u. This remark is a derision of the people.

An ROK Christian Broadcasting Station reporter stationed in Washington stated: According to U.S. federal criminal law, No Tae-u may be sentenced to at least 425 years imprisonment for his secret fund crime, and Kim Yong-sam deserves over 600 years imprisonment. In order to discharge our people's disgrace of having elected master thieves as presidents, we must blow up [pokpa] [words indistinct] and Chongwadae [presidential offices], a den of robbers. This is the only way to clear our disgrace and restore our national dignity. [passage indistinct]

No Tae-u, Other Defendants Arrive at Court

SK1812071595 Seoul YONHAP in English
0648 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — A prison bus carrying jailed former President No Tae-u arrived at the Seoul District Court at around 9:23 AM [0023 GMT] Monday, over half an hour early for his first trial which opened at 10 A.M.

The bus left the Seoul detention house south of Seoul at around 8:57 A.M., preceded by police cars and followed by guard and media vehicles.

Over 30 media cars chased the bus in a coverage competition, but the bus's interior could not be seen because of iron nets and curtains.

No's son Chae-hyon arrived at the court at around 9:23 AM to watch his father's trial. Accompanied by the ex-president's former chief bodyguard Choe Soknip, Chae-hyon got off his black Hyundai Grandeur about 100 meters away from the court's main gate and proceeded to walk in.

The situation in front of the court's main gate was one of utter pandemonium prior to the trial's opening, as over 100 citizens scrambled to get in and more than 200 journalists engaged in news coverage.

Business tycoons accused of being involved in No's slush fund scandal began arriving at the Seoul district court from around 9:30 AM accompanied by their secretaries and lawyers, they appeared grave and declined to answer questions from reporters.

Among the accused, Rep. Kum Chin-ho, No's in-law, arrived by car at around 9:35 AM and walked into the court about 50 meters.

Five minutes later, Hanbo Group Chairman Chong Taesu, another defendant in the trial, came in a car wearing a black hat and white mask. He then proceeded into the court in a wheelchair, which was prearranged by his secretaries.

Chong, the only business tycoon having been arrested in connection with the slush fund case, has recently been allowed by the court to undergo medical treatment at the Seoul National University Medical College Hospital.

Former presidential economic aide Kim Chong-in arrived next, and was followed by Dongbu Group Chairman Kim Chun-ki.

Daewoo Group Chairman Kim U-chung, accompanied by three of his secretaries, arrived at the court around 9:45 AM. When asked by reporters "do you admit the charges?," Kim only maintained a sad look.

Samsung Chairman Yi Kon-hui reached the court four minutes later and did not respond to queries made by the press as he entered the court.

Four prosecutors taking part in the trial, including Mun Yong-ho, Second Division director of the Central Investigation Division of the Prosecutor-General's Office, then entered the courtroom with relatively bright faces while carrying trial documents. They posed for cameras for a little while, but declined to answer questions.

With No generally admitting charges raised by prosecutors, the trial progressed with relative quickness.

He responded to most of the prosecutors' direct questions in a low tone, hardly audible to the public gallery. At times, however, depending on contents of the inquiries, he sometimes clearly replied "yes," nodded his head, and sometimes added his own ideas.

When asked by Mun Yong-ho, the Central Investigation Department's Second Division director of the Prosecutor-General's Office, on what he thought were presidential responsibilities, No replied relatively in detail, "They are to abide by the Constitution, safeguard the state and protect the people's life and property."

No was then asked if presidential functions can influence, directly or indirectly, the government's financial and other support to private enterprises. When he answered affirmatively in terms of indirect influence, the prosecution asked him about the money and goods he received from 35 businesses, which he admitted.

Prior to direct questioning, Mun noted that he and his colleagues have more than 200 questions to ask No, and requested to the ex- president that he "answer as simple, terse and lucid as possible."

With a slight nod, No indicated his willingness to comply.

The panel of judges earlier asked for the cooperation of the lawyers of the accused in an early conclusion of inquiries on such basic facts as whether money was offered and accepted.

No stood in court under the strain of being the first one called among the accused as the Superintendent Judge Kim Yong-il announced his name, and bowed his head to the gallery.

No was accompanied by other defendants, including Samsung Group Chairman Yi Kon-hui and seven other business tycoons, who also showed signs of tension from their looks.

In a very weak voice, No answered the identity questions of the judges and was asked to speak louder.

Judge Kim notified the accused of their rights not to answer any questions against themselves and for them to make statements only favorable to themselves.

Shortly before the prosecution was to begin direct questioning to the accused, Judge Kim requested that both the prosecution and lawyers restrain themselves from disputing whether No's slush funds could be considered as bribery.

"It is worried that the controversy on the meaning of bribery itself during the first-stage trial to confirm facts may become just waste of time," Kim said, "Whether the funds No received are bribes or not can automatically be judged while the trial on the facts goes on,"

Meanwhile, No denied some of the charges against him.

When asked by Prosecutor Mun Yong-ho about the 10 billion won No reportedly received from Jinro Group Chairman Chang Chin-ho, the ex- president said "I cannot remember that I received the money directly from Chairman Chang."

He remained silent, however, when Mun asked again, "It is true that you received the money from him through a third person, isn't it?"

No also denied that he received 8 billion won from Cho Ki-hyon, chairman of Chongwoo Construction.

'Excerpts' From Cross Examination of No Tae-u

SK1912034495 Seoul THE KOREA TIMES in English 19 Dec 95 p 3

[FBIS Transcribed Text] Ex-president No Tae-u yesterday stated that he could not reveal how much he contributed to candidates during the 1993 presidential campaign and that the huge amount of money he was given by conglomerates when he was president took the form of "donations," not bribes.

On the first day of the trial of the disgraced ex-head of state at the Seoul District Court yesterday, No held on to his previous positions on bribery charges leveled against him.

He sat immediately after being ushered into Courtroom 417 in violation of the regulation that demands groups of plaintiffs be seated at the same time after all of them have trooped in. He was asked to stand up.

When he was called to answer questions about personal facts, he was barely audible.

Presiding Judge Kim Yong-il told four prosecutors to read the charges of which the 15 were accused, and prosecutor Mun Yong-ho, who has led the investigation into the No slush fund case, read charges against each of the 15 that lasted for two minutes to two and a half minutes apiece.

The charges against No that Mun read went, "The accused served as ROK president from 1988 to 1993. The accused received 25 billion won from Samsung Chairman Yi Kon-hui, who asked him to favor his company in government contracts... He acquired a total of 283.896 billion won as bribes..."

Following are excerpts from prosecutor Mun's court examination of No.

Question: Do you admit that you received a total of 283.896 billion won from the country's top 35 conglomerates while you were in office from 1988 to 1993?

Answer: Yes. I don't exactly remember when, where and how the money was given and received but it is true that I received it. (Prosecutor Mun stated the individual bribes he was accused of taking one by one, and No admitted most of them.)

Q: Did you receive 10 billion won from Jinro Chairman Chang Chin-ho?

A: I don't recall.

Q: Is it true that you usually received money in meetings with conglomerate heads at a safe house after 5 p.m.?

A: The place was not a safe house. It was my office in the annex of the presidential residence Chongwadae. As for the 5 p.m. meetings, they were convenient because it was after office hours.

Q: Why did you issue a nationwide apology after it was revealed that you raised a huge sum of money during your presidency?

A: It was a "governing fund." So I thought that people should know the nature of the money was raised in accordance with established political practices. [sentence as published]

Q: In the nationwide apology, you said that the total amount you raised came to 500 billion won and that over 170 billion won still left over remained in your possession. Did you know the exact figures?

A: They were rough figures that I myself came up with. I don't recall exactly because a lot of time had passed since the event.

Q: Did you have ledgers of your secret money?

A: I did. But I destroyed them with my ex-chief presidential bodyguard Yi Hyon-u.

Q: What did you think about the media reports of your secret money right after Rep. Pak Kye-tong's revelation?

A: I think that there was a wide difference between the reports and the actuality.

Q: Is it true that you and your lieutenants discussed ways of bringing a libel suit against Rep. Pak after he first alleged the existence of the ex-presidential secret money belonging to you?

A: That is a groundless accusation.

Q: You said that your slush fund amounted to 500 billion won in your nationwide apology. In subsequent questioning, you downscaled the amount to 450 and then to 460 billion won. And while being further questioned, you said conglomerates paid you 340 to 350 billion won but the amount confirmed comes only to about 284 billion won. How do you account for these differences?

A: Money used in elections didn't enter ledgers but was sent out directly.

Q: Who arranged meetings with businessmen and what was discussed during them?

A: Ex-chief presidential bodyguard Yi, Rep. Kum Chin-ho, ex- National Assemblymen Yi Won-cho and Kim Chong-in arranged the meetings. When I met with businessmen, we discussed the economic situation in general and their business activities in particular for about 20 to 30 minutes. But no businessmen asked for favors on the spot.

Q: Did you receive 25 billion won directly from Samsung Chairman Yi Kon-hui? Is the money related to the conglomerate's advance into the car manufacturing industry and participation in the multi- billion-dollar Korea Fighter Project?

A: Yi gave some of the money himself and occasionally through his lieutenant Yi Chong-kil, president of a Samsung subsidiary. I think that Samsung's business capabilities, not the money Yi gave me, steered the deals to it.

Q: It is said that Daewoo Chairman Kim U-chung gave you 24 billion won personally. Did you meet him frequently in connection with defense procurement projects?

A: I met him on numerous occasions at my office. Although I don't think that the money played a role in Daewoo securing important government projects from 1988 to 1990, I admit so if Kim stated so.

Political Parties React to No Tae-u Trial

SK1812070095 Seoul YONHAP in English
0644 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — Ruling and opposition parties called the trial of former President No Tae-u "an extremely unfortunate thing" in the history of the country's constitutional rule and urged him to disclose every truth related to his slush funds.

Opposition parties particularly clarified their position that No should uncover the amount of money he provided to the ruling party's presidential election campaign in 1992.

While saying that the fact in itself that a former president stands trial is an extremely unfortunate thing, the ruling New Korea Party (NKP) nonetheless called it "a natural consequence" in line with the people's belief that there can be no exception in the punishment of corruption and that everyone is equal before the law.

With the ex-president charged with receiving a huge amount of bribes while in office, the slush fund trial began Monday morning at the Seoul District Court. No is the first former head of state here ever to stand trial.

Rep. Son Hak-kyu, NKP spokesman, said, "The strict judgment of No's illegal accumulation of wealth will be the touchstone of the history rectification that the government is pushing for in order to correct wrong customs and distorted history. It will also be the foundation for a society ruled by law, justice and truth. [no closing quotation marks as received]

The main opposition National Congress for New Politics (NCNP) hoped in its statement that such an unfortunate thing will never repeat, adding that the trial of the former president is the most shameful thing in Korean political history.

"The judicial branch should severely punish No under the law," NCNP spokesman Pak Chi-won said, "but it is regrettable that the prosecution's investigation into the ruling party's presidential election campaign funds is intentionally going to a previously- decided direction to serve some political interest."

Pak added that the National Assembly should invoke its right to investigate as well as hold a hearing on the matter since the prosecution failed to uncover the true picture of the presidential election campaign fund.

Another opposition Democratic Party (DP) urged No to clearly disclose his financial support to the ruling party's presidential election campaign funds in 1992 as his last duty to the people.

Rep. Yi Kyu-taek, DP spokesman, said, "We cannot help feeling a sense of shame along with the people about the current situation that a former president must stand trial on charges of such an infamous crime as bribery."

He added that his party will carefully watch the trial along with the entire population in order to rectify history as well as to see to it that there will never again be such an unfortunate occurrence in the future.

The minor opposition United Liberal Democrats also urged the NKP to voluntarily disclose its 1992 presidential election campaign funds.

No Intentionally Discarded Secret Fund Books

SK1812030195 Seoul YONHAP in English
0253 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — Former President No Tae-u said Monday he disposed of the account books which contained details of contributions he received from major businesses soon after an opposition lawmaker first made public the existence of his huge slush funds last October.

This was testified by No himself during the first trial on his slush fund scandal, which began Monday morning at the Seoul District Court.

No said he instructed Yi Hyon-u, his former bodyguard, to throw away the account books which had records on his slush funds' details immediately after Rep. Pak Kye-tong of the opposition Democratic Party made initial remarks accusing No of raising such money.

The ex-president also said that the total amount of slush funds he confessed to the people, which was about 500 billion won [US$670 million], was merely made off the top of his head without having done any precise calculations.

Prosecution Uncovers Bank Accounts in Chon Case

SK1812010995 Seoul YONHAP in English
0059 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — Looking into slush funds allegedly raised by former President Chon Tu-hwan during his presidency from 1980 to 1988, the prosecution has uncovered bank accounts that provoke strong suspicion that Chon invested at least 50 billion won (about 65 million U.S. dollars) in bank debentures and certificates of deposit [CD].

An official said the former president is strongly suspected of having purchased Korea Development Bank (KDB) debentures totaling at least 30 billion won from March 1988, just two weeks after he stepped down, until January 1990.

The prosecution Friday started to scrutinize 181 bank accounts related to Chon, including those opened in the name of Kim Chong-sang who served as chief accountant of the presidential security service during Chon's tenure, as it was issued court warrants of seizure against these accounts.

The examination of several of these accounts, which were opened at the Yongdong and Yoido branches of the KDB, has brought about such suspicions, the official explained.

Chon allegedly also invested some 20 billion won in CDs issued by Shinhan Bank and Chungchong Bank, he added.

Legal Action Studied for Chon Tu-hwan Confidants

SK1812004595 Seoul YONHAP in English
0037 GMT 18 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — Legal action against four to five confidants of former President Chon Tu-hwan who are suspected of having received huge sums in bribes in connection with the Yulgok arms modernization program will be taken after Chon's indictment, prosecutors said Monday.

"We have confirmed many suspicions that some core confidants of Chon accepted enormous sums in bribes during the course of importing arms and other dealings," a prosecutor said, "We are trying to collect material evidence by tracking down their bank accounts."

Under the plan, Rep. Chong Ho-yong of the ruling New Korea Party, who served as defense minister under the Fifth Republic, will be summoned sometime this week for questioning.

In particular, prosecutors have confirmed that ex-Defense Minister Choe Sae-chang, while serving as

Korea Mining Promotion Corp. president in 1991, received a huge commission from an iron mine company in return for arranging a 1,230 million-won long-term, low-interest loan.

The prosecution also reportedly discovered that Choe received 30 million won in bribes from the Daewoo Group involving the purchase of submarine patrol planes under the Yulgok program. Daewoo acted as a go-between for the deal.

Chon's confidants, whose financial irregularities have been confirmed by the prosecution, include former Assistant Defense Minister for Logistics Yu Hak-song, former Martial Law Commander Yi Hui-song and Choe Sae-chang, according to prosecution sources.

As part of its probe, the prosecution reportedly plans to ask the United States Government for help in obtaining relevant arms sales contract documents from American defense industry firms.

Parties Agree on Single Bill for Special Law

SK1912081395 Seoul YONHAP in English 0805 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — Floor leaders of the ruling and major opposition parties agreed Tuesday to submit a single bill for the legislation of a "May 18 special law" to the National Assembly.

The uniform bill allows the victims of Dec. 12 coup d'etat and May 18 bloody crackdown of Kwangju democratization movement who were convicted for their acts during the incidents to apply for special retrials in court.

The floor leaders are Rep. So Chong-hwa of the ruling New Korea Party (NKP), Rep. Sin Ki-ha of the main opposition National Congress for New Politics (NCNP) and Rep. Yi Chol of opposition Democratic Party (DP). The minor opposition United Liberal Democrats (ULD), which has opposed the legislation of the special law, did not participate in the meeting.

The floor leaders also agreed to include in the special law a clause saying that the statute of limitation for those involved in the Dec. 12 military rebellion and May 18 bloody suppression was suspended until Feb. 24, 1993, when President No Tae-u's tenure of office ended.

The special law bill authored by the three parties stipulates that those who received citation of merits for their acts in the May 18 suppression should be deprived of such awards or medals and that commemorative projects succeeding the spirit of the Kwangju movement should be pushed for.

The parties also agreed to designate May 18 as a commemorative day to remember the spirit of the Kwangju democratization movement.

Meanwhile, the opposition NCNP and DP decided to continue to demand the appointment of a special prosecutor for a thorough and perfect investigation into the ruling party's 1992 presidential election campaign funds and corruption in politics.

Political Concern Over Anticorruption Campaign

SK1612023195 Seoul THE KOREA TIMES in English 16 Dec 95 p 2

[Article by staff reporter Pak Sung-yong: "Politicians Concerned About Fallout of Ruling Camp's Anti-Corruption Campaign"]

[FBIS Transcribed Text] The nation's politicians are getting more and more concerned as the ruling camp vows to push on with its drive to uncover corruption under past military-backed regimes.

The drive, led by President Kim Yong-sam under the cause of setting history right, has so far resulted in the arrests of ex- Presidents No Tae-u and Chon Tu-hwan on separate charges of graft and mutiny.

Now that the ruling camp has vowed that the next target of the drive will be corrupt politicians suspected of receiving money from the two former disgraced presidents or businesses, the political circle has suddenly been surrounded by a cold front.

The political world was abuzz yesterday with rumors that the ruling camp has found evidences proving top opposition leaders Kim Tae-chung and Kim Chong-pil receiving illegal political funds [sentence as published].

Kim Tae-chung has already confessed to receiving money from the slush funds No raised during his 1988-93 term, but claimed President Kim used much more from the money for his successful presidential bid in 1992.

Reports said that senior members of the ruling and opposition parties will also be "purged" over corruption.

In the ruling New Korea Party, lawmakers worried about the fallout of the campaign regardless of their factional affiliation.

But young party officials loyal to President Kim claimed that the two opposition leaders should be sternly punished if it is found they were involved in irregularities.

"There should be no exception in pushing on with the drive to straighten the nation's distorted modern history. Especially, if the two Kims soaked themselves in dirty history," a young member of the so-called "Minju" faction, a group loyal to President Kim, said.

He did not rule out the possibility that some senior members of the group could be "doomed" to show how fair the anti-corruption drive is.

Members of the "Minjong" group, made up of lawmakers who served in the governments of the two jailed former heads of state are concerned they will be included in the list of corrupt politicians.

They are also worried that they will be stamped as being corrupt and thus face uphill battles in the general elections in next April.

But some Minjong faction members said those found to be involved in corruption should readily accept any punishment.

The atmosphere of the main opposition National Congress for New Politics led by Kim Tae-chung was filled with tension.

A party official said the destiny of party leader seemed to be at a cross roads. The party, which has accused President Kim of using the anticorruption drive to politically "kill" his bitter political rival, renewed its determination to fight the political maneuver to the end.

Kim Tae-chung, party leader and its 1997 presidential hopeful, told a party meeting that the party "is now at the crossroads of life and death. All we have to do is to win this game."

At the meeting, party members decided to push on with their demands that President Kim reveal how much money he used for the 1992 presidential election campaign and stop oppression of the opposition.

Party spokesman Pak Chi-won urged the ruling party to accept its proposal for a meeting between President Kim and opposition leaders to wrap up the prolonged political turmoil, which started over the No slush fund scandal.

The minor opposition Democratic Party said in a statement-that no sanctuary and political compromise should be allowed in sweeping away the legacy of the corrupt past.

The United Liberal Democrats, embarrassed with the ruling camp's vow to expand its anti-corruption campaign to politicians, renewed its call for a political truce.

"President Kim should meet with opposition leaders to end this confrontation over the investigation into past wrongdoings by his predecessors," a statement claimed.

'Turbulent Changes' in Party Politics Viewed

SK1812032495 Seoul YONHAP in English 0229 GMT 18 Dec 95

[Fourth in a series of year-enders reviewing major inter-Korean, sociopolitical, and economic events in 1995; by Han Tak-pae: "Political Parties Undergo Drastic Changes This Year"]

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP) — The year 1995 saw South Korea's political parties go through turbulent changes.

There were two parties when the year dawned. As the year sets, however, no fewer than four parties are engaged in fierce survival struggles amongst themselves.

The partisan proliferation began March 30 when Kim Chong-pil, the jettisoned chairman of the then ruling Democratic Liberal Party (DLP), founded his own party, the United Liberal Democrats (ULD).

Kim Chong-pil's followers in the ruling party naturally went along with their boss and switched their political affiliation from the DLP to the ULD.

On Sept. 5, Kim Tae-chung, then chairman of the Asia-Pacific Peace Foundation, through having second thoughts returned to the active political scene to set up the National Congress for New Politics (NCNP).

During the new opposition party's founding, scores of legislators supporting Kim Tae-chung bolted from the Democratic Party (DP) to join his NCNP.

Political observers say the splits of both the DLP and DP were perhaps a natural consequence as both parties were originally formed with heterogeneous elements with the 1992 presidential election in mind.

The DLP, they note, was the product of a "grand merger" of the then ruling Democratic Justice Party and opposition Reunification Democratic Party (RDP) and new republican parties.

Similarly, the DP was born through a union between the Party for Peace and Democracy and those of the RDP who refused to follow their party head Kim Yong-sam into the merged DLP.

As the merger of parties into the larger ruling and opposition parties was not motivated by political ideologies but by the political expediency to better facilitate their seizure of power, there no longer was a link to put them together once the presidential election was over.

This may well explain why both the DLP and DP had to go through incessant intra-party disputes.

In-house feuds within the ruling DLP could be boiled down to the attempt of the democratic faction, whose boss Kim Yong-sam had emerged victorious in the 1992 presidential election, to secure an upper hand over other factions in party affairs.

The situation was no better with the Democratic Party. Upon Kim Tae-chung's defeat in the presidential race and subsequent retirement from active politics, Yi Ki-taek took control of the party. He seemed, however, to be no more than a hired party manager with party business controlled in effect by Kim Tae-chung behind the scenes.

The momentum that caused the internal in-house disputes to explode and split the two parties into four was the June 27 local elections.

The ruling DLP's mainstreamers, who were determined to win the local elections on the strength of President Kim's reformative programs, believed party Chairman Kim Chong-pil, the top mastermind behind the 1961 coup, was an obstacle to their electioneering.

Sensing such sentiments, Kim Chong-pil bolted from the ruling party and founded his own.

Kim Tae-chung, emboldened by the successful showing by his supporters in Seoul and other areas during the local elections, quickly took the occasion to announce his return to politics and found the NCNP.

The emergence of the four-party system does not signal the presence of any new faces or a substantial change in political ideologies. Rather, the "three Kims," namely, Kim Yong-sam, Kim Tae-chung and Kim Chong-pil, remain as influential as ever.

The only change is that No Tae-u, who was one of the four main axes of the old four-party system as the head of the ruling Democratic Justice Party, has ended up in prison and in his party's place has come the DP which is dead opposed to the three Kims' influence.

Just like the old four-party system changed into the bipartisan system through the 14th general elections, the existing four parties could change through next year's general elections.

But, nobody is sure whether such a change would take the form of more splits or integration.

With its new name serving as momentum, the NKP is expected to step up reformative programs and try to expand its influence in preparing for the coming general elections.

On the other hand, the DP, having merged with the reformative new party, is intent on uniting all forces opposed to the three Kims.

Yet, political observers' consensus is that because of the arrests of former Presidents Chon Tu-hwan and No, the ruling NKP is almost sure to experience further splits.

The merged DP is being run by Yi Ki-taek, Kim Won-ki and Chang Ul-pyong. Due to their heterogeneity, however, nobody knows what is seething under the lid that could explode and thus shatter the party.

Noting that Yi and his men at the DP were once comrades of the democratic faction of the NKP, there are some observers who predict the DP will some day be taken over by the NKP.

Besides, if the ruling camp carries on sweeping probes into politicians with an intent on effecting a generational switch in political circles as President Kim Yong-sam has vowed time and again, it would lead two of the three Kims — Kim Tae-chung and Kim Chong-pil — to ally themselves closer against their common political foe.

All in all, the current political crisis characterized by the probe into the two former presidents makes it all the more difficult to predict the future of South Korea's political parties, the observers say.

Information, Communication Deregulation Viewed

SK1412062695 Seoul (Internet) Ministry of Finance and Economy WWW in English Oct 95

[Article by Tae-yong Kang, Administrative Management Officer at the Planning and Management Office of the Ministry of Information and Communication: "Deregulation in Information and Communications Sector"; from the "Economic Bulletin"]

[FBIS Transcribed Text] **Introduction**

In today's world of global economy, a nation's top priority is to strengthen international competitiveness and to create a small but efficient government and market economy through liberalization and privatization.

From the beginning, the government has been actively promoting deregulation to achieve "Segehwa" and to pave the way to become a developed economy.

In particular, the significant importance of deregulation in information and communications industry sector which plays a leading role in strengthening international competitiveness is experiencing rapid changes in its market structure, technology, and domestic and international environment. Therefore, active private sector participation and continued efforts toward deregulation are required in order to create a fair competitive market structure, to accelerate competition, and to remove inefficiency in various business activities.

To fully accommodate to these changing developments in telecommunications, the Ministry of Information and Communication (MOIC) has established policy directions to completely eliminate or deregulate various regulatory barriers as following.

Policy Directions

Basically, the Ministry's policy direction is to foster the information and communications industry, to revitalize the economy, and to increase public welfare by ensuring autonomy of the business sector and promoting competition. With this aim in mind, the government is actively promoting deregulation.

For example, the licensing issue, which was considered as one of policy means, and thus was subject to government control and regulation, has been carefully reviewed, and it was decided that deregulation will take place in this sector as well.

At the same time, in taking account of the information and communications sectors' transition from monopoly to a new competitive market structure where business diversification is prevalent, the government will continue to enforce and strengthen various means which ensure fair competition.

In other words, the Ministry will strengthen fair competition on the existing telecommunications service markets, however, for new services, greater private sector investment, including from large conglomerates, will be encouraged by removing the entering barriers, and will review possibility of allowing both participants of information super highway projects and CATV operators into telecommunications market in the long run.

Current Status of Deregulation

Framework Towards Deregulation

Currently, the Ministry selects potential deregulation areas and promotes liberalization either

(1) after reviewing proposals by the Committee for Economic Administrative Deregulation and the Administrative Reform Committee, or, (2) after the Ministry's own studies.

The second procedure takes a bottom-up approach: the Ministry collects a wide range of opinions from various affiliated institutes and related agencies as well as from the MOIC. A total of 20 projects are scheduled to be launched during the second half of year 1995.

Current Status of Deregulation in Information & Communications

Initiating Body	Number of Selected Areas	Number of Projects Completed	Number of Projects in Progress
Committee for Economic Administrative Deregulation	39	37	2
Administrative Reform Committee	24	20	4
the MOIC 1994	16	13	3
the MOIC 1995	20	0	23

Current Status of Deregulation

Deregulation in Market Entry to Telecommunications Services

In order to help the industry to meet increasingly diversified and sophisticated demand, the government plans to introduce competition and encourage private sector participation in telecommunications services, aiming at enhancing the quality of telecommunications services. In addition, to prepare for the impending market opening for basic telecommunications services, the Ministry will introduce competition into the domestic long-distance telephone market as an effort to strengthen the competitiveness of the nation's telecommunication service providers.

The Ministry announced schedule for selecting additional and new service providers of the domestic long distance telephone services, PCS, TRS, and wireless data communications services, etc. That is, 1) notice for the request of proposal will be posted by the end of 1995, and 2) future service providers will be selected during the first half of 1996.

Furthermore, the existing telecommunications regulatory framework is being restructured to extend greater autonomy and management control to the private sector. The number of areas subject to the government approval such as tariffs, use-contracts, installation of important telecommunications facilities have been greatly reduced.

The Ministry is devising competition safeguards to address potential disputes which may occur when market structure transforms into the competitive market. Regulations on a separate accounting system for each service area and interconnection of service network will be revised. Standards for the cost-based tariffs for monopolistic and competitive services, and for new and existing services will respectively be set during the latter half of 1995.

Deregulation of Electrical Telecommunications Construction Business

To help reduce the possible difficulties facing the small-and- medium sized telecommunications contractors in securing qualified technicians and construction equipment, the Ministry is moving to ease licensing criteria for telecommunications contractors. The scope of certified technicians has been greatly expanded. Requirement for construction equipment have been removed and the criteria for deployment of certified technicians on the construction area have been readjusted to accommodate the changing environment.

In addition, the Ministry plans to overhaul regulation, such as limit on bid-acceptance amount by specific telecommunications service providers and limits on annexed services which is now strictly limited to the area under the control of concerned Regional Communication Office (RCO), and requirement to establish the Korea Electrical Telecommunications Contractor Association and the mandatory obligation of affiliation to that association. After being reviewed during 1997, these kind of limits will be completely eliminated or deregulated beginning in 1998.

Tariff Deregulation

The Ministry will restructure tariff system based on market principle and create competitive environment, so that transparency of tariff regulations can be secured to the maximum. The basic direction towards it will be to gradually reduce services subject to tariff regulations only to monopolized services and competitive services which need competitive safeguards. The Ministry is studying measures to differentiate tariff system among service providers with a view to securing competitive environment at an earliest period possible. The measures will be adopted during the latter half of 1995.

Interconnection Between Postal Savings Networks and Banking Networks

The postal savings networks and banking networks were interconnected and began its joint services since June, 1995. First, the interconnection of giro-system and electronic fund transfer system between financial institutions has provided its joint services since June, 1995, and CD-ARS joint services are scheduled to go into service in September, 1995.

Thanks to the interconnection of post offices and bank branches, a nation-wide financial settlement network has been established and the average citizens can have better access to and use of financial networks. In addition to this the investment of financial institutions has been shifted from the quantitative level of increasing branches to a qualitative aspect of new products and better services, which will promote the international competitiveness of these institutions.

Modification of Type-Approval System of Industrial Products

The Ministry of Information and Communication is in charge of the type approval of telecommunications equipment, wireless radio equipment, the Inspection of Electromagnetic Interference, and the type approval of computer network equipment.

The Ministry of Information and Communication has continuously reduced (or eliminated) and regulations on type-approval for industrial products through various measures: reduction of target items liable for type approval, designation of a well-capable private sector organization as a type approval testing lab, the reduction of time and document necessary for type-approval procedures etc.

Other measures include, the change of current approval or inspection system into a more deregulated system of registration reinforcement of post management, and also the streamlining of administrative bodies for items subject to type-approval from more than two competent authorities, which will eventually break bottlenecks in the business activities of the private sector.

Modification of Certification Procedures for Technology Standards of Mobile Equipment

In order to use mobile equipment, certification by the Korea Radio Station Management Agency for technology standards of mobile telephone equipment was mandatory, prior to its use. This system has been reformed since January, 1995 and the equipment testing system has been changed to sample testing system. As a result of the reduction of certification fees since this March, the financial burden of both the manufacturers and the customers has been alleviated, hence competitiveness of wireless radio equipment manufacturer has been improved.

Since the number of mobile users are rapidly increasing every year and the stability (safety) of the products is making improvements, this system is scheduled to be abolished in 1997.

Authorization of Use of Network Service Providers

In the past, the network service providers were subject to the authorization of the Minister of Information and Communication for use contract, even in the case of value-added telecommunications services in which they lacks market-competitiveness. Enforcement regulations have been modified to a simple notification system.

In early September this year, the ceiling for market share for service capacity and service types of network service providers were officially announced.

In the future, all use contracts will be changed to the notification system, except for specific services which are expected to disturb the market system and protection of customer due to a lack of fair competition environment

Others

The requirement of regular inspection of mobile telephones every five years has been modified through following measures:

1) the number of regular inspection centers and mobile inspection centers are to be increased.

2) mobile telephone service providers can be designated as testing organization of the private sector, so as to mitigate the difficulties regarding inspection.

3) the inspection fees will be reduced, sometime during the second half of 1995.

In addition to these measures, the current law which puts limitation on the transmission speed of paging system to 1,200 bps, is scheduled to be revised at the end of 1995, in order to facilitate the efficient use of radio frequencies and the activities of related industries. Also issues under consideration are the deregulation on changing approval system into notification system for minor matters, and the reduction of facilities for the approval items of major telecommunications facilities.

Conclusion

The Ministry will continuously promote deregulation in order to increase public welfare and international competitiveness.

It is generally acknowledged that the international competitiveness will depends on the level of information and communications infrastructure in the era of information society. It is also believed that the success of this industry depends on the private sector's vigor and creativity. Hence, the Ministry will continuously exert its best efforts to promote deregulation. In so doing, the globalization of the industry and society will be achieved, a paving stone for Korea to become an advanced economy.

We also recognize that this endeavor cannot be accomplished by the government's effort alone. The private sector's continued support and contributions are highly desired.

Burma

Reports Says SLORC Divided Into 3 Factions

BK1912133595 (Internet) BurmaNet News in English 16 Dec 95

[Report from THE IRRAWADDY Volume 3, No. 23 Produced by the Burma Information Group]

[FBIS Transcribed Text] Col [Colonel] Kyaw Thein of military intelligence officer came to Thailand in October. He and his group held a talks with senior Karen leaders. It was the first time the two sides met, a source said. "It was just the beginning," added the source. But reports in Thai local dailies indicated Karen will sign [a cease-fire agreement] in the end of this year.

In a related development, Kyaw Thein reportedly told Karen leaders that Slorc [State Law and Order Restoration Council] is divided into three. He is belonged to one faction led by Khin Nyunt. (BIG) [Burma Information Group]

SLORC Soldiers Defect Due to No Supplies

BK1512141995 Oslo Democratic Voice of Burma in Burmese 1100 GMT 15 Dec 95

[FBIS Translated Text] It has been learned that privates Myint Kyu and Aung Myint from the SLORC's [State Law and Order Restoration Council] No. 103 light infantry division, stationed at the (Kalaele Gwin) in the KNU's [Karen National Union] 7th Brigade region, defected, with arms and ammunition, and sought refuge with the 6th Company of the 35th Battalion of the Thai Border Police Force on 6 December. The defectors said the soldiers are facing many difficulties due to lack of food and medical supplies, clothing, and appliances. They said their salaries were not paid in full because their salaries were deducted by the senior officers. The defectors said 11 of them managed to escape but the other nine were captured. Due to the lack of supplies, comrades from the Burmese military forces frequently rob the Thai villages. This report is from the Shwe Baho Si Studio.

Rallies Supporting National Convention Reported

BK1812125995

[FBIS Editorial Report] Continuing its report on rallies in support of the National Convention, Rangoon Radio Myanmar in Burmese at 1330 GMT on 11 December 95 reported that a rally in support of the National Convention was held at No. 1 Sports Ground in Tharrawaddy on 9 December. The number of attendees was not reported. A rally supporting the National Convention was held at the People's Sports Ground in Mawlaik on 8 December and was attended by 10,050 people.

Rangoon Radio Myanmar in Burmese at 0630 GMT on 12 December reported that a rally in support of the National Convention was held in Kyaukpadaung on 10 December and that it was attended by 6,200 people.

Rangoon Radio Myanmar in Burmese at 1330 GMT on 12 December reported that a rally in support of the convention was held in Pakokku on 12 December and was attended by 16,000, while another rally in Lashio on the same day was attended by 45,000 people. The same report said a similar rally was held in Loikaw on 12 December and was attended by 18,000 people.

Reporting on rallies supporting the National Convention, Rangoon Radio Myanmar in Burmese at 1330 GMT said 12,500 people attended a rally on 10 December in Yamethin. A similar rally was attended by 14,000 in Kabaw Valley on 13 December and 10,000 in Hkamti on 9 December.

Rangoon Radio Myanmar in Burmese at 1330 GMT on 14 December reported that rallies were held in Meiktila on 11 December and in Kyaukme on 13 December to express support for National Convention. Attendance number was not given.

Rangoon Radio Myanmar in Burmese at 1330 GMT on 15 December reported that a rally in support of the National Convention was held in Insein on 15 December and that it was attended by 5,000 people.

Rangoon Radio Myanmar in Burmese at 0630 GMT on 17 December reported a rally in support of the National Convention was held in Mu-se in the Shan State; date and attendance number not given.

Rangoon TV Myanmar Network in Burmese at 1330 GMT on 17 December reported that a rally in support of the National Convention was held in Magwe Division's Gangaw Township on 12 December and that it was attended by 35,000 people while a similar rally was held at the Yamanya Sports Grounds in Moulmein on 17 December and that it was attended by more than 89,000 people. The same reports said a rally to support the National Convention was held at the Township Sports Grounds in Tenasserim Division's Thayetchaung on 17 December and was attended by more than 36,000 people while a similar rally was held at the People's Square in Ye Township on 15 December, but attendance was not given.

Brunei, Malaysia & Singapore

Malaysia

Minister Comments on Bosnian Serb 'Attitude'

BK1912083195 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 19 Dec 95

[FBIS Translated Text] Kuala Lumpur has expressed its regret over the attitude of the Bosnian Serb leaders, who are currently creating disturbances in the Balkans despite the signing of the peace accord. Foreign Minister Datuk Abdullah expressed confidence, however, that peace will prevail in the Balkans despite the actions of the Bosnian Serbs that still remain questionable:

[Begin Badawi recording] The whole world has already agreed to the peace accord. Moreover, the international community was on the brink of implementing the peace accord when suddenly the Bosnian Serbs themselves created a chaotic situation. For what purpose? [end recording]

According to the foreign minister, it is possible that such an action by the Bosnian Serbs is just a ploy. Kuala Lumpur is confident that all the countries involved in signing the peace accord will honor the agreement.

Datuk Abdullah said this after opening an international seminar on Vietnam in ASEAN at the University of Malaya this morning.

Minister Assured on Indonesia-Australia Pact

BK1912084295 Kuala Lumpur Voice of Malaysia in English 0800 GMT 19 Dec 95

[FBIS Transcribed Text] Malaysia has been assured that the security agreement signed between Indonesia and Australia two days ago is not a defense pact. Foreign Minister Datuk Abdullah Ahmad Badawi said today both countries had told him that the agreement was actually a form of security cooperation between two neighbors. He told reporters this after opening a seminar on Vietnam in ASEAN — that the agreement is meant to cover whatever is deemed a threat to their security, including dadah [narcotics] activities and terrorism. He said the two countries have been cooperating in these areas but only at the consultation level.

Brazil's President Cardoso, Mahathir Hold Talks

BK1812133095 Kuala Lumpur Voice of Malaysia in English 0800 GMT 18 Dec 95

[FBIS Transcribed Text] Brazil hopes to be turned into a nuclear weapons-free zone in line with its firm stand on the nuclear weapons issue. Brazilian President Fernando Hendrique Cardoso said that Brazil wished to join the initiative ASEAN which signed the Southeast Asia Nuclear Weapons Free Zone Treaty at its recent summit in Bangkok.

According to Foreign Minister Datuk Abdullah, Cardoso indicated his intention during his discussions with Prime Minister Datuk Sri Dr. Mahathir Mohamed in Kuala Lumpur today. Datuk Abdullah said Brazil has adopted a firm stand on the nuclear weapons issue.

Datuk Mahathir had also requested Brazil to support Malaysia in the nuclear weapons issue in discussions at the United Nations and international level. Cardoso is on a three-day visit to Malaysia.

Dr. Mahathir and the Brazilian president later witnessed the signing of two agreements. The first is a bilateral air services agreement. The second agreement is between MHS Aviation Sendirian Berhad [Malaysian Helicopter Aviation Services Private Limited] and Air Taxi Aerial Limited for the leasing of three helicopters. Musa Idaman Sendirian Berhad and Johor Port Sendirian Berhad also signed two memoranda of understanding with Brazilian firms to participate in privatization of infrastructure in that country.

Cardoso Departs

BK1912134095 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 19 Dec 95

[FBIS Translated Text] The Brazilian president left for home today, concluding a three-day visit to Malaysia. Among those present at the Subang International Airport to send off the president were Foreign Minister Datuk Abdullah Haji Ahmad Badawi and Datuk Osu Haji Sukam, the minister in attendance. The visit reflected the strong cooperation among South-South countries.

Earlier, Brazilian President Fernando Henrique Cardoso met Prime Minister Datuk Sri Dr. Mahathir Mohamed, who was accompanied by his wife, Datin Sri Dr. Siti Hasmah Mohamed Ali, who called on him to bid farewell. The prime minister and his wife held an hour-long discussion with the Brazilian leader.

Malaysia and Brazil yesterday signed two agreements and two memoranda of understanding in connection with economy, politics, science and technology as well as forestry. Datuk Osu Haji Sukam, the minister in attendance, and his wife were also present.

Genting, German Firm Agree on Cruise Liners

BK1612102295 Kuala Lumpur THE STAR in English 16 Dec 95

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Genting International Plc has signed an agreement with German shipbuilder Meyer Werft to build two world-class cruise ships costing US$700 million (RM1.78 billion).

It said in a statement yesterday the ships would be operated by Genting International's wholly-owned Star Cruise group of companies.

The ships, which will be named SuperStar Leo and SuperStar Virgo, will measure 268m, have a width of 32.2m and weigh 75,000 gross tonnes.

Each vessel will come with 1,000 cabins and can accommodate 2,000 passengers on a double-occupancy basis.

With a maximum speed of 24 knots, they will be two of the fastest cruise ships in the world and the fastest in Asia-Pacific.

The addition of the two ships is in line with Genting International's plan to become one of the world's five largest cruise lines and the largest in Asia.

Star Cruise now has five ships operating under the Star, SuperStar and MegaStar brand names.

Star Cruise is headquartered in Port Klang with a marketing headquarters in Singapore.

Mobile Phone Widens Service to Singapore

BK1912114995 Kuala Lumpur NEW STRAITS TIMES in English 16 Dec 95 p 26

[Report by Iris Maniam]

[FBIS Transcribed Text] Mobikom Sdn Bhd [company limited], the country's third cellular mobile telecommunications service, intends to be the first local operator to expand its international roaming services to all Asean countries, by next year.

Mobikom, which expanded its international roaming service to Singapore yesterday, has already established international roaming agreements with Australia, Hong Kong, New Zealand, Sri Lanka, Thailand and Brunei.

The company, whose service is based on the North America 800 MHz digital Advanced Mobile Phone System (AMPS) standard, is currently negotiating with representatives from two other Asean countries — the Philippines and Indonesia. Negotiations are expected to conclude by the middle of the year.

The other countries which Mobikom plans to expand its services to are China, Bangladesh, the USA, Canada and South Korea.

Mobikom chief executive officer Zamani Zakariah said the international roaming service is exclusive to Mobifon 800 subscribers as it allows them to make and receive calls on their own handphones when they are in another country.

"This advantage saves the customers a lot of hassle since they do not have to look for a payphone or pay exorbitant hotel telephone charges," he said.

Meanwhile, in officiating yesterday's agreement between Mobikom and Singapore Telecom MobileLink Pte Ltd (Singapore's main provider of cellular mobile services), Johor Menteri Besar [chief minister] Abdul Ghani Othman said telecommunications was a crucial tool in the development of the country's economy.

Therefore, he said the move by Mobikom to expand its services to neighbouring countries like Singapore, was good planning.

Mobikom's roaming agreement with MobileLink is expected to service about 10,000 Singaporean subscribers and 13,000 Malaysians, the majority of whom are from the central regions and Johor.

The Mobifon 800 service appeared in Johor Baru on October 14 last year, and has to date, 13,000 subscribers in Johor.

Fiji Signs Double Taxation Avoidance Agreement

BK1912090595 Kuala Lumpur Voice of Malaysia in English 0800 GMT 19 Dec 95

[FBIS Transcribed Text] Malaysia and Fiji today concluded an agreement for the avoidance of double taxation between the two countries. Deputy Prime Minister and Finance Minister Datuk Sri Anwar Ibrahim, who signed for Malaysia, described the agreement as an important vehicle to allow for greater commitment and confidence of the private sector. Fiji was represented by its Minister of Finance and Economic Development Berenado Vunibobo.

Anwar also said that Malaysia has always considered Fiji as a key player among small countries in the Pacific and called on Malaysians to invest there.

Singapore

Canberra-Jakarta Security Accord Welcomed

BK1912113095 Singapore Radio Corporation of Singapore in English 1000 GMT 19 Dec 95

[FBIS Transcribed Text] Singapore sees the Australia-Indonesia Security Agreement as another building bloc towards enhancing peace and security in the region.

Deputy Prime Minister and Defense Minister told reporters this after visiting Jurong Camp. Dr. Tony Tan said he was briefed on the Australian-Indonesian security agreement by Australia's former defense force chief, Lieutenant General Peter Grasion.

Gen. Grasion had been sent by Prime Minister Paul Keating to brief Singapore leaders on the agreement.

Dr. Tan elaborated on Singapore's stance on the agreement.

[Begin Tan recording] The world has taken the view that peace and security in the region are best ensured by having a web of strong bilateral relationship, complemented by overlapping multilateral security structures and processes. [end recording]

Gen. Grasion gave the assurance that Canberra remains committed to the Five Power Defense Arrangement which provides for collective security within the region. Other members are Singapore, Malaysia, Britain, and New Zealand.

Dr. Tan says Singapore does not see the need to sign such a security agreement with Australia as both countries already have a partnership agreement on wide-ranging matters, including security.

Cambodia

Khmer Rouge Criticize U.S. Official's Visit

BK1912032595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 18 Dec 95

[FBIS Translated Text] Kent Wiedemann, the U.S. deputy assistant secretary of state, went to Phnom Penh on 13 December. People ask why the Clinton administration sent this man to Phnom Penh. Judging from his short statement carried by various news sources, people believe that the purpose of this visit was no different from previous trips made by Warren Christopher or Lord; that is, he came to lick the shit [lit ach reak] of the two heads to enable these stillborn puppets to attend the ASEAN summit. He held his nose, closed his eyes, and stuck out his tongue to lick the shit and clean the ass of the two heads, and loudly claimed that the two heads had correctly followed the democratic mode.

After hearing this man's foul words, the victimized masses in Phnom Penh and observers in general promptly ridiculed him, saying he is really very bad and stupid. What democratic mode have the two heads followed when the communist Vietnamese and Hun Sen have actually been fascist, dictatorial, and monopolistic? They have even drafted laws to kill anyone at will. Despite the fact that the communist Vietnamese and their puppet Hun Sen eliminated and purged all of the pro-American forces politically and organizationally, the United States and the alliance still bow their heads to brownnose [tro pong] the communist Vietnamese. This is the point the people keep repeating: These long-nosed Westerners have always been so stupid as to let the communist Vietnamese cheat and slap their faces at will.

According to an Asian diplomat, these elements are very nit-witted. They never learn from history. This diplomat cited a veteran U.S. politician who had a bitter experience with the communist Vietnamese as saying that if you deal with the communist Vietnamese by trying to brownnose them, you will only be trampled upon. The diplomat added that this assumption is very correct. The Clinton administration and the alliance should take this warning into consideration and see whether it is true based on what has happened over the past four years or more. If it is true, should they continue to brownnose the communist Vietnamese and their puppets, only to be trampled upon further?

As for our Cambodian nation and people, who are well aware of the history and the true evil nature of the communist Vietnamese, we do not waver in our stand; that is, we will continue to struggle jointly and resolutely to put an end to the two heads, thus preventing them from killing more Cambodians.

Macau Tycoon on Kingdom's Growth Potential

BK1812072895 Phnom Penh THE CAMBODIA TIMES in English 10-16 Dec 95

[Unattrubuted report — received via Internet]

[FBIS Transcribed Text] Phnom Penh: A prominent Macau real estate tycoon, Che Seak Mun, has purchased a 49 percent stake in the Bank of Nation Wealth of Cambodia, according to a reliable source.

Che, the chairman and general manager of Macao-based Mangko Group and the Kama Group, has considerable business interests in Hong Kong, China and Southeast Asian nations.

The source said plans are being made to expand the bank's local network of branches to take advantage of the fast-growing economy.

"It is understood that the initial branches will be set up in Phnom Penh, and more will follow later in the other provinces," said the source.

Che's buy into the bank is a reflection of his often-mentioned confidence in the Kingdom's potential for strong economic growth.

He has said that the national election in 1993, followed by the promulgation of a constitution re-establishing the monarchy, has turned the country into a true democracy capable of drawing foreign investors in droves.

The source also revealed that Che plans to pour in over US$300 million into the industrial and agricultural sectors of the Kingdom in the next few years.

Besides banking, the business groups under his control are engaged in real estate management, the hotel, restaurant, gold and jewelry retailing, banking, international trading, cigarette manufacturing, publishing and film-making industries.

Sihanouk Returns From Official Visit to SRV

BK1912053995 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 18-19 Dec 95 p 12

[Report by Vanna]

[FBIS Translated Text] The king father ended his three-day official visit to Vietnam and returned safely to Phnom Penh on the morning of 16 December. His visit to Vietnam began on 14 December.

That was his historic first state visit to Vietnam since his return to the throne. During their stay in Vietnam, the Cambodian king and his royal entourage were accorded a warm welcome by Vietnamese President Le Duc Anh and his wife.

President Le Duc Anh told the Cambodian king that his historic state visit to Vietnam opened another page in the history of friendly relations between the two countries, especially between the two governments, following a lapse of 21 years since his visit to Hanoi in 1974. In 1974, the king visited the Cambodian liberated zone via Hanoi.

The Vietnamese president informed the king about the present political, economic, security, and social situation in Vietnam. The Cambodian king and the Vietnamese president also exchanged views on the relations of friendship, solidarity, and cooperation between Cambodia and Vietnam.

His majesty the king said that this first visit to Vietnam would help consolidate and expand the lofty interests of the Cambodian and Vietnamese people in their contribution to peace, stability, progress, and well-being in Southeast Asia.

The king asked the Vietnamese president, prime minister, and people to accept his deep gratitude as well as that of the Cambodian people and government for the SRV's contribution to the success of the peace process and the restoration and reconstruction of the Kingdom of Cambodia. Such immeasurable assistance given to Cambodia by Vietnam was very useful and met the urgent needs of the Cambodian people.

Also during his stay in Vietnam, the king visited various historic centers in Vietnam and laid wreaths at the mausoleum of the late President Ho Chi Minh and the Vietnamese forefathers who died for the cause of the Vietnamese motherland.

King Seeks To Shelter Sirivut Before Exile

BK1912031395 Hong Kong AFP in English 0238 GMT 19 Dec 95

[FBIS Transcribed Text] Phnom Penh, Dec 19 (AFP) — King Norodom Sihanouk has requested that his jailed half-brother, charged with plotting to assassinate co-premier Hun Sen, be moved to the royal palace until he leaves for exile in France.

The king said he expected Prince Norodom Sirivut would be released on bail Tuesday morning in order to prepare to live in exile and faced threats to his life if he was not protected.

The king also made it clear that his half-brother would leave for France countering earlier speculation that the prince might go elsewhere.

"Norodom Sirivut, my younger brother, has enemies in the city who want to liquidate (kill) him before his departure for France if ever he is allowed freedom before his departure," King Sihanouk said in a letter to Co-Prime Ministers Prince Norodom Sirivut [name as received] and Hun Sen.

"With (your) high permission, I will keep Norodom Sirivut in very strict confinement at Khemarin Palace" until his plane is ready to leave, the king said in the letter released by the palace late Monday.

King Sihanouk said the "possible death" of Prince Sirivut, the secretary general of the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party and a member of parliament, would cause many problems for Cambodia, the government and himself.

The prince agreed last Thursday to a proposal made by the king and quickly accepted by Hun Sen that he leave Cambodia and live in exile instead of remaining in prison and facing trial on counts of terrorism, attempting to overthrow the government and criminal conspiracy.

Though legal proceedings are expected to continue against the prince in absentia, he would not face the lifetime prison sentence that a court could have handed down on conviction.

Hun Sen demanded the prince's arrest in mid-November after obtaining evidence that he said proved Prince Sirivut was plotting to kill him.

Prince Sirivut after spending four days under house arrest, was stripped of his parliamentary immunity on November 21 and taken to the Ministry of Interior where he has been held since.

Several members of foreign governments and international human rights groups have condemned Prince Sirivuth's arrest as politically motivated.

It was not immediately clear when the prince would be moved to the palace or when he would leave for France.

Sirivut Released to King's Custody

BK1912043895 Hong Kong AFP in English 0411 GMT 19 Dec 95

[FBIS Transcribed Excerpt] Phnom Penh, Dec 19 (AFP) — Prince Norodom Sirivut, charged with plotting to assassinated co-Premier Hun Sen, was released on bail from the Ministry of Interior Tuesday into the custody of his half-brother King Norodom Sihanouk, police and government officials said.

The prince's transfer at 10:30 a.m. (0330 gmt) follows a request from the king that he stay at the royal palace pending his departure from Cambodia to live in exile in France. [passage omitted — information covered by referent item, background]

It was not immediately clear when the prince would be moved to the palace or when he would leave for France.

Hun Sen on Personal Security Following Plot

BK1812070795 Phnom Penh THE CAMBODIA TIMES in English 10-16 Dec 95

[Unattributed Report — received via Internet]

[FBIS Transcribed Text] Phnom Penh: Although Prince Norodom Sirivut, the alleged mastermind behind the plot to assassinate Hun Sen, was arrested and is being detained at the Ministry of Interior, the Second Prime Minister still fears for his safety and has deployed heavily armed troops around his Ta Khmau home.

Samdech Hun Sen, who has reportedly been staying in his Ta Khmau home — about 15km south of the capital city — since the arrest of King Norodom Sihanouk's half-brother, is said to have instructed his fiercely loyal troops to a round-the-clock patrol of his home.

And, as The Cambodia Times visited the area around his home on December 5, soldiers, military police and policemen, armed with B-40 rocket launchers, AK-47s and M-16 rifles, have taken up strategic positions around his house and along an adjacent road. A military police squad, armed with 12.7mm machine guns, have taken up ready-to-fight positions in front of a nearby military base.

"The road is blocked...you are not allowed to pass it unless you have a pass note from the cabinet of Samdech Hun Sen?" said one of the military policemen stationed at the first of the many checkpoints.

He said he was sent to guard and block the road since the alleged plot to assassinate the Second Prime Minister was exposed.

"I am here 24 hours a day and I've been instructed to stop all cars and passersby from using this road...only cars which have a pass note from Samdech Hun Sen's cabinet will be allowed in," he said.

Several soldiers deployed around Hun Sen's house said they were brought in from a border unit based in Chrey Thom, a village on the Cambodian-Vietnamese border in Kaoh Thom district of Kandal province.

"We are all loyal to Samdech Hun Sen...otherwise we wouldn't be sent to protect him...we are ready to die for him," said Kong Heah, a lieutenant from the border unit, adding that the troops were incensed upon learning of the alleged plot to assassinate the Second Prime Minister.

Several soldiers said the military base, 1 km southwest of Hun Sen's Ta Khmau home, has six tanks which were brought to Phnom Penh on November 17 at the time of the arrest of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] secretary-general, Prince Norodom Sirivut. The tanks, however were not brought back yet.

There are 200 troops stationed at the base under the command of Colonel Hing Bun-heang.

Lieutenant Yon Dinna, who's paid 40,000 riel per month, said he was happy as each soldier got an additional US$20 from Hun Sen and three hefty meals a day. "I'm very happy to work as a bodyguard of Samdech Hun Sen. We're not only loyal to him but we are also strong soldiers who have much battlefield experience in Along Veng and Pailin."

The military base, said to be owned by the Second Prime Minister, is located on a large plot of land, just 4km southwest of Ta Khmau town. The base is surrounded by high concrete walls.

There is also a concrete headquarters inside the base which has several phones and fax lines . "Samdech Hun Sen regularly calls here to check on things whenever he's out of the country," said Lieutenant Dinna.

Ranariddh Responds to Journal's Allegations

BK1812072695 Phnom Penh THE CAMBODIA TIMES in English 10-16 Dec 95

[Letter from Prince Norodom Ranariddh, Cambodian first prime minister, to the FAR EASTERN ECONOMIC REVIEW; date not given — received via Internet]

[FBIS Transcribed Text] Dear sir,

With reference to your cover story on Cambodia (and the article of Mr. Nate Thayer), I am dismayed to observe your allegations against my nation and our institutions. After careful consideration of the points raised by your weekly, I wish to inform you of the position of the Royal Government of Cambodia and myself as head of the Government.

1. Our government has taken a critical view of drug traffickers using Cambodia either as a transit or sale point, thus, it has not ignored the severity of the problem. Following appropriate measures have been undertaken since the formation of this government in 1993 to prevent and control drug trafficking in Cambodia.

— A Royal Decree to combat drug trafficking was passed by the Council of Ministers;

— Established a secretariat completely equipped with a laboratory to test and analyse materials taken into custody by the police (this is funded by the US Government);

— A Royal Decree was adopted to punish those found guilty of possession or trafficking of drugs within the boundaries of Cambodia irrespective of their background or nationality;

For your information, personnel working with the military and police have seized large amounts of heroin from traffickers, and due legal action was also taken. Under the present laws of the Kingdom those found guilty face severe penalty and conviction. The Royal Government ensures that the law is conformed to without leniency to any party.

2. On Mr Nate Thayer's article that you judged as valid for publication as a cover story, I would like to share the following views:

— Mr Thayer has not presented sufficient evidence to pursue legal action.

Therefore, the obvious intention is to merely disturb. In fact the article often lacks credibility. In conclusion, Mr Thayer's article has merely served to alert the criminals.

— However, based on the contents of the article, the Government has requested H.E. Sar Kheng, Deputy Prime Minister and Co-Minister of Interior to personally undertake an enquiry into the details and submit a complete report on the situation to the Council of Ministers. I guarantee that appropriate legal action will be taken against those found guilty irrespective of their background and credentials.

We have also requested the governments of France and USA to provide us with information available with them and co-operate with the Royal Government of Cambodia so that drug trafficking can be eliminated from this part of the sub-region.

3. In the same article Mr Thayer has alleged that Mr Theng Bunma, a prominent businessman in Cambodia had given me an aircraft.

This defamatory statement is made without any basis and is merely intended to destroy my reputation, and this was an act of grave consequences.

I wish to state that Theng Bunma has never offered me an aircraft as a personal gift. Probably, Mr Thayer may be referring to the aircraft that Mr Bunma presented to the Royal Government of Cambodia. This aircraft is government property and available documents may be looked at to confirm this. I request that you send someone to Phnom Penh to verify the truth in this matter.

I request that my response be published in its entirety in your next edition. I regret to notice that your reputed magazine is slowly moving towards sensationalism based on factual inaccuracies.

Norodom Ranariddh

Minister on Arrest of Khmer Rouge 'Chieftains'

BK1912062895 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 18-19 Dec 95 pp 1, 5

[Report by Dararit]

[FBIS Translated Text] Police on Thursday [14 December] seized 5,000 leaflets and five hand grenades and arrested seven men. The police claim these men were Khmer Rouge elements attempting to create chaos in Phnom Penh by distributing leaflets and lobbing hand grenades. The leaflets contain an appeal for government troops to stop fighting. The seven detained men will be brought to court where they will be sentenced according to the law outlawing the Khmer Rouge or other existing laws against subversive acts.

The real names of the seven men are not known, but Sar Kheng, deputy prime minister and co-minister of the interior, asserted: The seven men are Khmer Rouge chieftains. One of them, nicknamed "Tang," is the commander of the Khmer Rouge's infiltration force implanted in Phnom Penh.

Sar Kheng added: After the arrest, we found 5,000 leaflets and five hand grenades that these elements were prepared to use in their activities, but they were uncovered in time by the concerned authorities. After the arrest, the seven men confessed that the leaflets to be distributed in Phnom Penh were brought from the zone controlled by the Khmer Rouge on the western border of the Kingdom of Cambodia.

Sar Kheng said: The seven men were attempting to create chaos in Phnom Penh by lobbing hand grenades to cause loud explosions, thus causing foreign investors to question security in Cambodia. The leaflet distribution is a Khmer Rouge strategy. The content of the leaflets is similar to the propaganda carried by the Khmer Rouge radio.

Sar Kheng said that the content of the leaflets — about 10 sentences — calls on government troops not to fight.

The deputy prime minister stressed: These Khmer Rouge elements have been closely followed by the concerned authorities. Many other targets have also been closely monitored and found to be Khmer Rouge elements. We will not harm them if they just lead an ordinary life like other citizens, but if they carry out antigovernment activities the concerned authorities will arrest them according to the law.

NADK Ridicules 'Farce' of Khmer Rouge Arrests

BK1812061595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 17 Dec 95

[Statement issued by the National Army of Democratic Kampuchea on 17 December]

[FBIS Translated Text] A few days ago, after the ruffian Hun Sen announced his intention to attack Western embassies in Phnom Penh, the communist Vietnamese lackeys invented another farce about the arrests of a few members of the resistance forces inside Phnom Penh. There is no way these communist Vietnamese stooges have any knowledge of the identity numbers of the National Army of Democratic Kampuchea [NADK] units. And yet they claimed that those who were arrested belonged to Division 505 and Division 918, two divisions that actually do not exist in the NADK. It is all just a pack of lies.

1. They have invented the story about Khmer Rouge members being arrested. They are nothing but liars using the Vietnamese book of lies.

2. Democratic Kampuchea [DK] does not have the aforementioned divisions. The authors of this lie must surely be Ieng Muli and Sieng Lapresse.

You liars! Even Tie Banh and Tea Chamrat do not know the numbers of the DK units! You monsters! Liars! You have served as Vietnamese stooges and have waged war for 17 years and yet you have no idea of the DK forces! You are surely other people's lackeys. You ignoramuses! The next time you want to manufacture a lie, you should first get some enlightentment from Le Duc Anh. Still, it appears that Le Duc Anh is no smarter.

Issued on 17 December,

[Signed] the NADK

Khmer Rouge's Khieu Samphan on Nationality Law

BK1912040095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 18 Dec 95

[Statement by Khieu Samphan, prime minister and minister of the National Army of the Provisional Government of National Union and National Salvation of Cambodia, on 18 December; place not given — recorded]

[FBIS Translated Text] Esteemed and Beloved Compatriots: On 18 December 1995 the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] ratified a law on Cambodian nationality and a law on immigration in Cambodia. The PGNUNS devised these two laws in response to the earnest plea of our nation and people. The PGNUNS devised these two laws with a high sense of responsibility for the destiny of our Cambodian nation, people, and race, and not for demagoguery, deception, or trickery like the nationality and immigration laws of the two heads.

Cambodia's current situation requires that the PGNUNS law on Cambodian nationality and the law on immigration in Cambodia be implemented rigorously and resolutely because:

1. The communist Vietnamese war of aggression that has been killing our nation and people for the past 17 years is not yet over.

2. The alliance and the two heads have been carrying on the communist Vietnamese war of aggression.

3. There are more than 4 million ethnic Vietnamese who have been swamping and swallowing up Cambodia, and more are pouring in ceaselessly. At the same time, tens of thousands of ethnic Vietnamese are crossing the Vietnamese-Cambodian border every day in order to rob our nation and people of their resources.

All of this seriously affects the survival of our Cambodian nation, people, and race to the verge of transforming Cambodia into a second Kampuchea Kraom [ancient Cambodian territory now part of Vietnam].

These two laws will be published as of today for the information of our esteemed and beloved compatriots.

On this occasion, in my capacity as prime minister and minister of the National Army of the PGNUNS, I solemnly declare to all competent ministries, provincial committees in all provinces, all departments related to national security, and the National Army: Join with our entire nation and people in implementing these two laws in a most rigorous and resolute manner in the liberated zones as well as the semiliberated zones, guerrilla zones, and zones still temporarily controlled by the enemy as of 1 January 1996 until Cambodia permanently achieves peace and national reconciliation and has a national government.

Corruption of Antinarcotics Officers Alleged

BK1812073095 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 16 Dec 95 pp 1, 5

[Report by Chau Prean]

[FBIS Translated Excerpt] About 1.4 kg of a fine power suspected of being a narcotic drug was uncovered and seized by the competent authorities at Pochentong International Airport on 13 December.

According to the combined team of competent agencies at the airport, the authorities arrested three suspected foreign drug traffickers on 13 December after one of them was found to be in possession of 1.4 kg of fine powder. The three suspects were immediately transferred to the Antinarcotics Unit of the Interior Ministry's National Police Department along with two kinds of powder — white and yellowish-white — weighing a total of over 1 kg.

A senior official at the Interior Ministry's Interpol Department refused to elaborate on the arrest, but disclosed that those arrested are a Nigerian, a Ghanaian, and a Sierra Leonean. They are being questioned by the competent authorities.

Moreover, an unofficial report reveals that at 1100 on 11 December, Customs and antinarcotics officers at Pochentong International Airport discovered and confiscated some 10-12 kg of corn flour suspected of being mixed with narcotic powder. A black foreign couple that owned the flour was not seen being arrested.

The same source also disclosed that the suspect corn flour was not sent to the Antinarcotics Unit right away. Instead, the flour was handed over to a senior antinarcotics police officer who then kept it temporarily at his home. Only at 1000 on 12 December was the flour transferred to the Antinarcotics Unit, then to the National Police Department.

Keo Kosal, a senior official at the Antinarcotics Unit, confirmed the detection of the suspect corn flour on 14 December but refused to elaborate. He said, however, that according to a preliminary test, it could be concluded that there was "cocaine" in the flour.

Regarding the reason for the delay in the transfer of the corn flour, weighing about 10 kg, by the antinarcotics police officers, a police officer at the Interior Ministry's National Police Department said that 11 December was a holiday accorded by the ministry in lieu of Human Rights Day, which fell on Sunday 10 December (sic). In any event, the question concerning the black couple that owned the corn flour being allowed to leave Cambodia by plane has not been reasonably justified.

So far, no explanation on the seizure of the corn flour has been given. This action has made "those who have been aware of the issue" question the drug suppression tactics used by the competent authorities at Pochentong Airport, who have been rumored "probably to have pocketed a large lump sum." [passage omitted — background on government drug suppression drive]

Indonesia

U.S. Stance on Nuclear Treaty Criticized

BK1912063595 Jakarta KOMPAS in Indonesian 19 Dec 95 p 4

[Editorial: "The United States is Concerned Over a Possible Indian Nuclear Test, but Doubts the ASEAN-Sponsored SEANWFZ Treaty]

[FBIS Translated Text] The leaders of 10 Southeast Asian countries signed the historic Southeast Asian Nuclear Weapon-Free Zone [SEANWFZ] Treaty at the end of the ASEAN summit in Bangkok last Friday. The signatories declare that they will not possess, produce, test, operate, or allow the deployment of nuclear weapons in the region. The treaty also prohibits the disposal of radioactive waste in the region.

The seven ASEAN leaders and the Cambodian, Lao, and Burmese leaders are now bound by the treaty to achieve common aspirations after being divided by three decades of the Cold War.

As none of the 10 signatories ever had any intention to possess nuclear weapons, the ban can, in fact, be easily interpreted as being aimed at countries that already possess nuclear weapons.

As a matter of fact, none of the five nuclear powers — the United States, Great Britain, France, the PRC, and Russia — has signed the protocol to the treaty to demonstrate their support for the SEANWFZ Treaty.

The protocol to the treaty will require signatories to honor the treaty and refrain from using or threatening to use nuclear weapons in the region. Its signatories will also be asked to express their willingness to help achieve "a universal and comprehensive nuclear disarmament."

The United States has flatly refused to sign the present protocol, although ASEAN has assured the United States that U.S. vessels armed with nuclear weapons or powered by nuclear power will have the right of innocent passage through the region.

In Washington's opinion, as cited by AFP in a report from Bangkok, the treaty has violated the freedom of air and sea movement, and the text of the protocol "cannot adequately accommodate our fundamental concern," U.S. State Department Spokesman Glyn Davis said. The United States will seriously consider signing the protocol to the SEANWFZ Treaty only after this U.S. concern is addressed.

China is another possessor of nuclear weapons that has expressed its objection to the treaty. Beijing has questioned the precise definition of Southeast Asia. The PRC is worried that the treaty will complicate its territorial claim in the South China Sea.

Responding to the objections, a number of ASEAN leaders reiterate that the protocol is "flexible" enough to accommodate the interests of major nuclear powers.

Given the refusal of the United States and the PRC to sign the protocol to the SEANWFZ Treaty, it can be clearly seen that the United States desires strongly to maintain the possession, operation, and, consequently, the threat to use nuclear weapons. This is clearly contrary to the spirit of the treaty that Malaysian Prime Minister Mahathir Mohamed said sets comprehensive nuclear disarmament as it final goal.

The U.S. stance strongly contradicts its reaction to a number of countries that it believes have the desire to possess or develop weapons of mass destruction. Just mention Iraq and North Korea. The United States looks like a champion of nuclear nonproliferation and has made the issue the most essential part of its foreign policy by adopting a hardline stance against these two countries.

We have heard recently how the superpower reacted to what it saw as signs that India was preparing a nuclear test. The United States said last Friday that it would amount to a "dramatic deviation" in Indian policy and a setback in international efforts for disarmament if a report in THE NEW YORK TIMES was true.

The United States admits that it is not yet sure that India will really conduct a nuclear test, but it is clearly concerned over the matter. The United States has tried hard to persuade India and the latter's neighbor, Pakistan, to abandon their nuclear weapon development programs, but we know that India is unwilling to comply with Washington's wish and is maintaining the nuclear option for its defense and security.

It is our hope and the hope of mankind that nuclear weapons will be eliminated from the earth. We are, however, realistic that the possessors will surely be reluctant to abandon the weapons that have given them prestige and the extraordinary power of intimidation and compulsion. France and the PRC have even found it difficult to comply with the demand that nuclear tests be discontinued, let alone to eliminate all nuclear weapons.

In view of all the nuclear tests and of their policies on the nuclear issue, we conclude that the major nuclear powers continue to adopt double standards on this issue. They will try to defend their interests as long as their interests are at stake. On the other hand, they will try to use all means at their disposal to block the wishes of other parties if they feel that their right to possess and deploy nuclear weapons is affected.

Without intending to further complicate efforts to monitor and eliminate nuclear weapons, we, however, see the positive side of India's independent policy of maintaining the nuclear option, which essentially shows that India cannot be easily steered or forced by the major powers to do something.

ASEAN, which has the new treaty, has in fact resorted to a different method to adopt a similar stance, though with different degrees, of course.

We express our opinion simply to remind ourselves of the attitude of the major powers. Even with regard to the sincere initiatives of Southeast Asian countries to rid their region of nuclear weapons, major powers still put their own interests above the interests of some of the world's citizens who want to eliminate the unilateral use of weapons of mass destruction.

Security Accord Signing With Canberra Reported

BK1812064095 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 18 Dec 95

[FBIS Translated Text] Visiting Australian Prime Minister Paul Keating witnessed the signing of a bilateral security agreement [in Jakarta] this afternoon.

Here is a report by RRI Reporter Joko Saksono on the event.

[Begin Joko recording] President Suharto and Australian Prime Minister Paul Keating witnessed the signing of the Agreement on Maintaining Security between the Republic of Indonesia and Australia at the Credentials Room of the Merdeka Palace about an hour ago. The bilateral agreement was signed by Foreign Minister Ali Alatas, who represented the Indonesian Government, and Foreign Minister Gareth Evans, who represented the Australian Government.

Under the agreement, the two countries intend to strengthen the existing friendly bilateral relations and mutually recognize their interests in regional peace and stability. The two countries express their desire to contribute to regional peace and stability for the sake of socioeconomic development in the two countries and in the region. They renew their commitment to the settlement of all international crises through peaceful means in accordance with the UN Charter and international law.

Article 1 of the Agreement on Maintaining Security between the Republic of Indonesia and Australia says that Indonesia and Australia will periodically hold ministerial consultations on common security interests and develop cooperation conducive to their respective national security as well as to regional security.

Joko Saksono, reporting from Merdeka Palace in Jakarta. [end recording]

Suharto Expresses Hope on Accord

BK1812153095 Jakarta ANTARA in Indonesian 0942 GMT 18 Dec 95

[FBIS Translated Text] Jakarta, 18 Dec (ANTARA) — President Suharto has expressed the hope that the signing of the agreement on maintaining security between Indonesia and Australia will lessen the suspicion that some Australians have for Indonesia.

"It is impossible to wipe out the suspicious feeling totally, but Indonesia hopes that the feeling is less strong now," Minister and State Secretary Murdiono told journalists at Merdeka Presidential Palace in Jakarta on Monday.

Murdiono was briefing journalists on the outcome of talks between President Suharto and Australian Prime Minister Paul Keating prior to the signing of the agreement on maintaining security by Foreign Minister Ali Alatas and Australian Foreign Minister Gareth Evans.

Responding to journalists, Murdiono said that quite a number of Australians are suspicious that Indonesia will embark on an expansion program.

"Indonesia has never had any intention of being aggressive toward any country at all," Murdiono said, quoting President Suharto's affirmation to Keating.

President Suharto told his guest, who is on a working visit to Indonesia from 17 to 18 December, that he is happy because many Australians are lending support to the agreement, including its press.

"President Suharto also feels that the signing of the agreement is a historic moment for Indonesia and personally, he is happy about it," Murdiono said.

For that reason, the head of state hopes that the spirit embodied in the agreement will be developed not only on a government to government level but also on a people to people level in general.

The head of state also hopes that the neighboring countries of Indonesia and Australia will not become suspicious of the agreement.

According to President Suharto, Indonesia will never forget Australia's support to the country when it was struggling for national independence. Australia was the only neighboring country that provided true and sincere support to Indonesia.

Less Suspicious [subhead]

Meanwhile, at a press conference held at the State Guest House, Keating was also asked about the suspicion that some Australians hold toward Indonesia.

In the company of Subrata, director general of Press Development and Graphics, Keating said that the feeling of suspicion is something normal in international relations.

"The main issue now, is to lessen the suspicion," he said to local and Australian journalists. About 24 Canberra-based journalists are covering the agreement signing event.

Keating told journalists that the agreement on maintaining security is not a military or defense pact.

He said that the agreement is a declaration of trust and close cooperation between the two countries, citing the several joint military exercises that have been conducted between Indonesia and Australia.

Keating, who is scheduled to leave Jakarta on Monday night, said that the agreement is important not only to the two countries but to peace in the region.

Military Head Comments on Accord

BK1612144495 Jakarta KOMPAS in Indonesian 16 Dec 95

[Passages within slantlines received in English]

[FBIS Translated Excerpt] Bandung, KOMPAS — General Feisal Tanjung, commander of the Armed Forces of the Republic of Indonesia [ABRI], told reporters after attending a function marking the anniversary of the Infantry Armament Center in Bandung on Friday (15 December) that the /Agreement on Maintaining Security/ to be signed by the Republic of Indonesia and Australia is only a definitive statement and not a pact, but will be strategic for the future of the two nations.

"There has been cooperation between the armies, navies, and air forces of the two countries. Leaders of the two countries' armed forces have exchanged visits. Our cooperation will simply be formalized in an agreement, not a pact," the armed forces commander said.

The armed forces commander added that the Republic of Indonesia has undertaken security cooperation with other countries, particularly in the Asia-Pacific region. "We have undertaken cooperation with Malaysia and Singapore. It exists," he said.

According to the armed forces commander, there have been military exercises between the two sides.

We hold a joint military exercise every year. We initiated this cooperation a long time ago, perhaps 15 to 20 years ago. Our cooperation is growing. Well, some people, particularly reporters have given wrong /public opinion/," he said. [quote as received]

The armed forces commander added that many differences in political views and interests between the Republic of Indonesia and Australia should not necessarily become a major problem.

"We do not highlight our differences, but we instead emphasize our similarities. There must surely be pebbles. We should be careful enough when walking. Let us not step on the pebbles, and let us remove them well," the armed forces commander stressed. [passage omitted]

East Timorese Supporters Protest

LD1812152195 Lisbon RDP Antena 1 Radio Network in Portuguese 1200 GMT 18 Dec 95

[FBIS Translated Excerpt] Australia and Indonesia have signed a security and defense agreement providing for consultations between the two in the event of a foreign threat to either country. [passage omitted].

In Australia, supporters of the East Timorese independence movement have protested against the agreement, which took about 18 months to negotiate. They have described the agreement as an insult to all Australians who defend freedom. There have been demonstrations in Sydney and Melbourne.

Mari Alcatiri, of the Timorese resistance, has described the agreement as negative for the Maubere [Timorese] people as it will make it easier for Indonesia to find out about possible resistance operations.

[Alcatiri] Any agreement of this nature has direct implications on the East Timorese issue. We believe this agreement will to a certain extent perpetuate Indonesia's occupation of East Timor, because from now on, under the terms of the agreement, Australia can provide Indonesia with all sorts of information and details of future resistance initiatives in Australia and East Timor. (endall) 181200 robinson/rl 18/1521

Agreement With Australia Praised

BK1812050495 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 18 Dec 95

[Station commentary]

[FBIS Translated Text] Dear listeners: Indonesia and Australia will sign a security agreement called the Agreement on Maintaining Security [preceding four words in English] today, only two days after ASEAN members and three other Southeast Asian countries — Cambodia, Laos, and Burma — signed the Southeast Asian Nuclear Weapon-Free Zone Treaty in Bangkok. The two agreements, particularly the Indonesian-Australian agreement to be signed by Foreign Minister Ali Alatas and Foreign Minister Gareth Evans in the presence of President Suharto and Prime Minister Keating, show the seriousness of regional countries about maintaining security.

One thing that should be noted is that the Indonesian-Australian agreement is not a defense pact. There are three elements in the agreement: First, there will be ministerial consultations on defense cooperation beneficial to the respective security of both sides. Second, the two parties will hold consultations if either of them faces difficulties in defense. Third, the two parties will brief each other on their defense policies and priorities. The agreement is different from a defense pact; if one of two parties to a defense pact is attacked by an external force, the other party will immediately take action.

It is therefore clear that the Indonesian-Australian agreement merely shows the two countries' great attention to efforts to maintain regional stability and security; it also demonstrates that good relations exist between Jakarta and Canberra. The Asia-Pacific region is very dynamic.

APEC [Asia-Pacific Economic Cooperation] economic leaders have held three summit meetings. The region is predicted to become the center of global growth, thanks to free trade and investment. For future growth, regional stability and security will be vital to ensure the success of economic development that will promote the people's welfare.

This has been our commentary.

ASEAN Response to Changes Praised

BK1612133695 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 16 Dec 95

[From the Press Review]

[FBIS Translated Text] The daily BISNIS INDONESIA says ASEAN has responded accurately to uncertainties and rapid changes on the international scene. The response has given us confidence that ASEAN will be able to protect the region from influences detrimental to its people.

The daily says the results of the ASEAN summit and ministerial meetings held in Bangkok this week show that ASEAN has become more united in facing external political, economic, and defense issues.

The daily hopes that the ASEAN leaders will bequeath strong basic written and unwritten principles to their successors. According to BISNIS INDONESIA, such principles are important because all ASEAN countries need stability as they undertake their respective national development intensively.

Editorial on ASEAN Cooperation After Summit

BK1812103295 Jakarta SUARA KARYA in Indonesian 18 Dec 95 p 5

[Editorial: "ASEAN Cooperation is Getting Stronger"]

[FBIS Translated Text] Foreign Minister Ali Alatas described the Fifth ASEAN Summit in Bangkok last week as very productive because there were many agreements of strategic importance. Senior officials and ministers of foreign affairs and economics prepared additional programs. A three-year interval between summits is relatively long, while internal and external dynamism proceeds rapidly. Therefore, the ASEAN leaders have agreed to hold an annual informal summit.

The Bangkok Declaration acts as an umbrella for all the decisions issued at the summit and is expected to set in motion the needed efforts to turn ASEAN into a united Southeast Asian community in the 21st century. ASEAN will have 10 Southeast Asian members if the other three countries — Cambodia, Laos, and Burma — become full members, which is to happen in 2000 at the latest.

We believe that ASEAN is moving steadily and surely. Relations among the members have developed on the basis of friendship and cooperation embodied in the Treaty of Amity and Cooperation [TAC] signed at the First ASEAN Summit in Bali in 1976. Accession into TAC becomes the main prerequisite to join ASEAN. Laos and Cambodia as observers and Burma, which will become an observer, have acceded to the treaty.

TAC seemed inadequate. ASEAN should become a zone of peace, freedom, and neutrality [ZOPFAN]. ASEAN issued a communique on the ZOPFAN concept at the Second ASEAN Summit in Kuala Lumpur in 1977. One element of the ZOPFAN concept is the banning of the use, passage, storage, and testing of nuclear weapons in Southeast Asia. Nevertheless, the nuclear issue concerns nuclear powers. Accordingly, a Southeast Asian nuclear-free zone treaty was drafted very carefully. The leaders of 10 Southeast Asian countries finally signed the Southeast Asian Nuclear Weapon-Free Zone [SEANWFZ] Treaty at the Bangkok summit after years of deliberations, and other countries are expected to accede into and ratify it.

Nuclear powers such the United States have reportedly objected to the SEANWFZ Treaty because U.S. nuclear ships pass through Southeast Asia. China, whose claim to the Spratly Islands overlaps those of several ASEAN members, has also raised its objections. Nevertheless, the Southeast Asian leaders are determined to defend the treaty. Only the protocol on the accession of nuclear powers into the treaty will be readjusted.

The United States and China seem to have misunderstood the inclusion of exclusive economic zones and the continental shelf in SEANWFZ. ASEAN diplomats need to clarify the matter through such forums as the ASEAN Regional Forum [ARF] grouping and its partners such as the United States and China. ARF holds an annual meeting to discuss Asia-Pacific security matters.

Obviously, the SEANWFZ Treaty is Southeast Asia's sincere contribution to world peace in accordance with the Nuclear Non-Profileration Treaty. At least, the SEANWFZ Treaty affirms Southeast Asia's pledge not to "play" with nuclear weapons. TAC, the ZOPFAN concept, and the SEANWFZ Treaty are needed by Southeast Asia to enable the realization of other summit decisions such as those on the launching of the ASEAN Free Trade Area in 2003, the liberalization of the services sector, cooperation in the protection of intellectual property rights, sectoral and functional cooperation, sociocultural cooperation, and cooperation in environment protection.

East Timor Human Rights Center on Arrests Report

BK1612141495 (Internet) INDONESIA Listserv in English 16 Dec 95

[Report No:9/95 by ETCHRIET, East Timor Centre for Human Rights, Information, Education and Training dated 13 December 95 on arrests and disappearance of East Timorese — received via Internet]

[FBIS Transcribed Text] A number of arrests, mistreatment and disappearances of East Timorese, victims of the Indonesian security forces, have been reported during the first half of December. Both the visit to Dili by United Nations Human Rights High Commissioner Ayala Lasso, and the demonstrations marking the 20th anniversary of the invasion of East Timor on 7 December, have been focal points.

1. Reports of arrests in connection with the Ayala Lasso visit vary. ETCHRIET has received six names of people detained. Five of them were carrying a message from the East Timorese Resistance for the High Commissioner. They are: Rui N. Lopes, Jose Valdo de Araujo, both students from Maliana; Caetano and Teodoro Soares, students from Cailaco; and Cipriano Cardoso, from Atabae. On 3 December a police patrol also arrested a man called Ainuco near Dili's Santa Cruz cemetery. No further information about the whereabouts of the above people has become available.

2. On Monday 4 December, at approximately 11.00 am, East Timorese social worker Mr Martinho Pereira (38) was arrested by Indonesian military intelligence operatives at the wharf in Surabaya, after arriving from Dili, East Timor, on his way to Jakarta. The arrest was witnessed by fellow travellers disembarking from their passenger ship. There has been no information about Pereira's whereabouts since his arrest. Martinho Pereira was born on 12 November 1957. From 1975-78 he was active with the Resistance in the mountains of East Timor. He was first arrested in Dili in 1983, and sentenced in 1984 to four years in jail for anti-integration activities, serving his sentence in Jakarta's Cipinang prison until 1987.

3. On 7 December close to 200 East Timorese and Indonesian opponents to the Indonesian occupation of East Timor staged protests action in Jakarta. One group of 19 people was arrested as they prepared to enter the French and Thai Embassies. Other groups entered the Embassies of Russia (58 people) and the Netherlands (55 people). The group in the Russian Embassy left the next day. After police questioning, those from outside Jakarta were put on buses to Central and East Java. In Semarang four (some reports say five) jumped the bus, fearing they were being taken for detention at the Surabaya police. One of them has since reported to be well. The whereabouts of the remaining ones are still unknown (as of midday 13 December). The group in the Dutch Embassy was expelled on 9 December, after the Embassy had been attacked by a group of government-sponsored demonstrators. Members reported being intensively questioned during 24 hours at South Jakarta police headquarters, with no food or drink provided during this time. Some were kicked with military boots until their shins were injured (Joaquim) and burnt with cigarette butts (Wilson, Puto), and even burnt in their genitals with cigarette lighters (Janio). As of midday 13 December, all detained Indonesians and East Timorese have been released except for Carlito Belo Soares, and Armanda Soares, detained in Kodim Jakarta Pusat 0501/85. A third, unidentified, person is believed to be detained at KOPASSUS (comando forces) headquarters.

Suharto To Summon Minister Over Irregularities

BK1912112195 Jakarta KOMPAS in Indonesian 19 Dec 95

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS — Communications Minister Haryanto Dhanutirto met Vice President Try Sutrisno for two hours at the vice president's residence in Jakarta on Monday (18 December).

"I made a statement, but there was no interview with reporters," the communications minister told reporters at his office on the ninth floor of the Department of Communications building in Jakarta on Monday evening (18 December).

The communications minister cited three points. First, he met the vice president for two hours, from 1130 until 1340, at the vice president's residence. Second, he and the vice president discussed and checked the matter of [alleged irregularities] in depth. "I have given a detailed statement to the vice president. Very detailed," he said. Third, he was asked to await the president's summons.

"That is the only thing I can tell you. It is important, isn't it? We will, thus, cooperate in settling the matter," the communications minister said during a 10-minute news conference.

Asked about his explanation to the vice president, Haryanto said: "Well, as usual, what I told the vice president was detailed." Haryanto later distributed pictures of his house and land in Lembang and Subang respectively. "Well, please distribute the pictures now," he said.

Don't Make a Prejudgment! [subhead]

Meanwhile, Aburizal Bakrie, general chairman of the Chamber of Commerce and Industry told reporters on Monday (18 December) that a finding by the inspector general for development on irregularities in the Department of Communications should be verified and proved. Accordingly, citizens should be objective and refrain from making a prejudgment.

"We should avoid making various interpretations and refrain from making a prejudgment. We adhere to the principles of presumption of innocence because our country observes the rules of the law," Abu Rizal said.

Harmoko, general chairman of the Functional Group Central Executive Council, said on Monday afternoon: "Let us wait for the vice president's probe into the case in the Department of Communications because he is in charge of it. That is all," Harmoko said.

Protests [subhead]

About 15 youths belonging to PIJAR [Center for Information on Action for Reforms] demonstrated in front of the Department of Communications on Monday morning. Their action, which caused a traffic jam, lasted only about 20 minutes. The protest was later broken up by security personnel, who had been on alert around the Department of Communications compound since morning, after the protesters unfurled two banners, distributed several pamphlets, and voiced their views.

Meanwhile, dozens of college students calling themselves a delegation of the Jakarta chapter of the Islamic College Students Association and the Jakarta Islamic College Students Communication Forum demonstrated in front of the Attorney General's Office. They asked the Attorney General's Office to investigate and settle the case through legal means.

Four students — Muhammad Tohir, Jurhum Lantong, Ahmad Dayan L., and Ridwan Saleh — were received by Gatot Hedrarto, head of the Intelligence Operations Center of the Attorney General's Office, who was accompanied by Zainuddin Jaisa, a member of his staff; M.J. Anas, assistant for general affairs to the attorney general; Tarmizi Yunus, head of the General Affairs Bureau; and Pontas Pasaribu, chief public relations officer of the Attorney General's Office.

During the meeting, they read a statement that essentially asks the Attorney General's Office to immediately clarify and settle the case legally, not politically on the basis of a report by Inspector General for Development K. Harseno.

Responding to the demand, Gatot Hendrarto said that the Attorney General's Office had monitored the case. Nevertheless, the office consistently adheres to the principles of presumption of innocence and equality of every person before the law.

Pontas Pasaribu S.H. [Master of Law] said that the alleged irregularities in the Department of Communications would be handled appropriately. He denied that the attorney general had set up a team to investigate the case.

The central leadership of the Association of Roman Catholic College Students of the Republic of Indonesia said in a statement that the demand by some citizens that Communications Minister Haryanto resign had deprived [as received] the president of the prerogative to carry out the mandate of the People's Consultative Assembly. Nevertheless, the people's aspirations must be understood as we strive for honest, clean, and authoritative governance.

Meanwhile, the management of the Al-Kamal Foundation held a news conference in Jakarta on Monday (18 December). H. Suryo Sudibyo, head of the Al-Kamal Foundation Hospital in Jakarta, confirmed that Al-Kamal ulemas had questioned aid extended by Communications Minister Haryanto to the foundation. According to Suryo, the ulemas and manager of the Al-Kamal Islamic Boarding School immediately want to know about the origin of funds channeled to Islamic boarding schools.

Dili Bishop Interviewed on Religious Issues

BK1912063195 Jakarta FORUM KEADILAN in Indonesian 18 Dec 95 p 23

["Excerpt" of an interview with Dili Roman Catholic Bishop Carlos Filipe Ximenes Belo by FORUM KEADILAN correspondent Jose Luis in Bidau Lecidere; date not given]

[FBIS Translated Text]

[FORUM KEADILAN] What do you think of the religious affairs minister's diplomatic efforts at the Vatican?

[Belo] It is better for you to pose this question to the religious affairs minister and his delegation, who went to the Vatican. I have no comment.

[FORUM KEADILAN] Is it possible for a minister to suggest the replacement of a bishop?

[Belo] The appointment of the replacement of a bishop is within the jurisdiction of the Holy Order of the Vatican.

[FORUM KEADILAN] Can you explain the process of replacing a bishop?

[Belo] First, a replacement must be sought if a bishop dies. Second, in accordance with Canon law, a bishop should submit a letter to the pope stating his withdrawal from his post when he reaches 75 years of age. Monsignor Leo Sukoto, supreme bishop of Jakarta, did this. Third, if the bishop is ill, he will not be able to perform his duty, even though he has not reached the age of 75. A bishop must be replaced if he is involved in a job that is outside his religious duties for one or two years... but this is a normal process.

Historically, the Vatican is at liberty to remove a bishop when it comes under pressure [preceding two words in English]. This happened several centuries ago. The removal of a bishop, however, is mainly related to his pastoral duties—such as, he has not been functioning well, has been frequently ill, or has neglected his duty. We seldom see bishops removed for political reasons. If this happens, it will mean that the holy order has no characteristics of its own and is bowing to worldly pressure.

[FORUM KEADILAN] Why has the Dili bishop not joined in the Indonesian Roman Catholic Church Conference (KWI)?

[Belo] I am already bored with this type of question. I think it is better for you to board a plane to the United Nations Headquarters in New York and ask them about it. Do not ask me! As we all know, this issue is still being debated at an international forum, and the Vatican is also waiting for a decision to be made by the forum. So why do people continue to insist that I join the KWI? For what?

[FORUM KEADILAN] There is a controversy over the governor's decree on development and rehabilitation of places of worship, such as mosques and churches, which states that a recommendation from the pastor of a Roman Catholic parish should be obtained before a project is implemented. What is your opinion?

[Belo] I was still overseas when the decree was issued, but I was given an explanation on the matter when I returned. This was my first reaction. If the government bows to a certain group, I hope that either the central government or the provincial government here will also bow to the KWI and PGI (Indonesian Protestant Church Federation). We can settle matters amicably. Secondly, we can draw up 1,001 decrees. If no one has the goodwill and sincerity to honor the decrees, then it will be useless to issue them.

[FORUM KEADILAN] It is believed that you hampered the development of other places of worship. What do you think about this?

[Belo] There is no prohibition, but there should be coordination among us. We should take into consideration the situation and condition here. All parties have been asked to understand the true situation in East Timor. Sometimes there is a "parrot" that sings a lot in Jakarta but does not know the real situation here.

[FORUM KEADILAN] So what is the true picture of religious life in East Timor?

[Belo] How many Muslims have been killed? How many ships have sailed out of Dili? Now then, we have to examine the root of the problem. Political, economic, and social issues sometimes degenerate into religious issues. Initially, Roman Catholicism was insulted, but the facts were later twisted. Yes, finally it was we who oppressed other people; we drove away other people.

[FORUM KEADILAN] What do you think about the existence of the Religious Communication and Consultation Forum (FKKPA)?

[Belo] Well, there is only a forum. It is not sufficient. We have to establish more. There should be respective forums for economy, culture, defense and security, and other sectors. What use to us is it for all religions to establish good relations if we always clash on sociopolitical, human rights, and cultural issues. So I think, we need to cover all aspects of life, 'not only religions.

[FORUM KEADILAN] What is your reason for not joining the forum?

[Belo] Who said that we are not represented in the forum. You must realize that the Roman Catholic Church from the districts of Oecussi to Tutuala are represented in the forum.

[FORUM KEADILAN] Why do you refuse to proclaim the establishment of the FKKPA?

[Belo] That is the bishop's authority, whether or not to certify its establishment. The bishop can sign the proclamation letter, or delegate the duty to a representative. He can also ask a layman to sign the proclamation. There is no need for the bishop to do this alone.

Philippines

Ramos Returns From ASEAN Summit, Cambodia

BK1912014695 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 18 Dec 95

[FBIS Translated Excerpt] President Ramos has returned to the country from a six-day state visit and tour of Thailand and Cambodia. According to President Ramos, he obtained a liberalized trading agreement at the fifth ASEAN leaders' summit:

[Begin Ramos recording, in English] Upon the Philippines' initiative, the leaders of ASEAN decided that negotiations should start by the beginning of 1996, or within two weeks, to open up trade and services among ASEAN countries. The negotiations will focus on financial services, sea and air transport, telecommunication, tourism, construction, and business services — all of them areas of primary interest to the Philippines. [end recording] [passage omitted]

Views Gains From Trip

BK1912101295 Quezon City Radio Filipinas in English 0230 GMT 19 Dec 95

[Speech by President Fidel Ramos during arrival ceremonies from trip to Thailand and Cambodia at Villamor Air Base, Metro Manila on 18 December — recorded]

[FBIS Transcribed Text] Ladies and gentlemen, upon the Philippines' initiative the leaders of ASEAN decided that negotiations should start by the beginning of 1996, or within two weeks, to open up trade and services among ASEAN countries. The negotiations will focus on financial services, sea and air transport, telecommunications, tourism, constructions and business services, all of them areas of primary interest to the Philippines.

We agreed to cooperate on the protection of intellectual property, a move that should further encourage investments in ASEAN and promote the development and transfer of technology. We also decided to intensify and consolidate ASEAN industrial cooperation particularly in small and medium enterprises, agriculture and forestry, tourism, transport and communication, and also other infrastructure, again areas of strategic interest to the Philippines.

Beyond the specific (?decisions), the consultation among the seven leaders, (?strictly) by ourselves, produce several ideas that were supported by all. One of that, (?finance) ministers and Central Bank governors, (?sit) together, work on measures to head off financial crisis, both (?likely and emerging) crisis, and similar crisis in the future. Another was that the ASEAN members with capital surpluses should promote investments in ASEAN countries that are short of capital. We [word indistinct] for the development of Mekong River Basin which encompasses Thailand, Vietnam, Laos, Cambodia, and Myanmar [Burma], and also involves China where the Mekong originates. The program will include the upgrading and extension of the railway, (?which runs) parallel to the Mekong, so that it would run from Singapore to Malaysia and Thailand to (Kunming) in China.

The growth triangles and areas including our own Brunei, Indonesia, Malaysia, Philippines-East Asia Growth Area, or BIMP EAGA, would be linked to this program. To expand it further, I proposed that the concept of common borders on which the program is based be extended to include maritime borders, mainly the disputed island in the South China Sea, the Spratlys, and that the principle of stewardship be applied in the joint peaceful exploration and development of the same. The inclusion of the South China Sea in the ASEAN program of regional development could help turn the South China Sea from an area of confrontation and potential conflict to one of cooperation and opportunity. China will then be constructively engaged in the development of Southeast Asia in terms of its land and maritime borders.

I also suggested that all claimants to the South China Sea agree on a code of conduct similar to those that we recently concluded with China and Vietnam in order to prevent conflict, reduce tensions and promote cooperation for the safety of the area and the conservation of its resources. The leaders also endorsed the continuation of the workshop series sponsored by Indonesia on fisheries and maritime research in the South China Sea. I pointed out that cooperation for the development and conservation of the South China Sea could be achieved more effectively if the area were to be progressively demilitarized.

In an act of historic significance, the heads of government of all the 10 countries of Southeast Asia signed a solemn treaty committing themselves not to produce, acquire, station, test, use or threat to use nuclear weapons in the region and not to allow others to do so. After more than a decade of discussions, we formally agreed, at last, to create a nuclear weapons free zone or the Southeast Asia Nuclear [Weapon-] Free Zone, [applause] or SEANWFZ, which is our region's valuable contribution to the cause of nuclear non-proliferation, and to the peace and tranquility of our part of the world. Needless to say, this treaty reinforces the nuclear-free provision of the Philippine Constitution.

Upon the urging of the Philippines, ASEAN leaders agreed to take strong cooperative action against the menace of drug trafficking and international terrorism.

The Philippines also draw attention to the phenomenon of greater people mobility and labor migration, a reality made inevitable by the growing interdependence of global and regional economies. Accordingly, the ASEAN leaders emphasized the importance of the development of human resources, the sharing of human skills and the protection of the rights of migrant workers.

The Fifth ASEAN Summit was notable for the stronger emphasis that it gave to what the nationalists called functional cooperation, that is cooperation to address our people's concerns in the social sphere. This includes science and technology, culture and the arts, education, the alleviation of poverty, the advancement of women, the protection and development of children, labor migration and health particularly the combating of HIV and AIDS. The priority given to said social concerns is entirely consistent with the social reform agenda which we have adopted here in the Philippines.

ASEAN leaders were one in noting the need to broaden and deepen the peoples' awareness of, and involvement in ASEAN. I proposed that our governments, schools, and non-governmental organizations, individually and together, make radical measures to bring this about.

The Fifth ASEAN Summit took (further) historic significance when ASEAN leaders met with those of the three other states of Southeast Asia: Cambodia, Laos and Myanmar. Together, we reviewed the situation in the region and the world, and explored ways in which we could help one another in opening up our economies and to ease the entry of Cambodia, Laos and Myanmar into ASEAN. The entry to ASEAN of the three remaining Southeast Asian states would fulfill the vision of ASEAN's founders for a Southeast Asian community within ASEAN, a vision which the Philippines has taken an active role in promoting.

In Bangkok, I met individually with the prime ministers of Laos and Myanmar, and on the way home from Thailand, we made an official visit to Cambodia, an old friend and close neighbor. There, we had productive meetings with His Majesty, King Norodom Sihanouk and Her Majesty Queen Norodom Monineat Sihanouk, who have always been close to the Philippines; also with His Excellency Chea Sim, president of the National Assembly, and His Royal highness Prince Norodom Ranariddh, and His Excellency Hun Sen, the latter being the co-prime ministers.

To the leaders of Cambodia, Laos and Myanmar, I offered the hand of friendship and cooperation in strengthening further the relations between our countries, to expand the trade and investment, technical cooperation and practical measures for easing their countries' entry into ASEAN.

I also met with President Suharto whom I thanked for the willing support which Indonesia extended both to the peace process in the southern Philippines and to the promotion of a regime of peace and cooperation in the South China Sea. We also discussed the ties of trade and investment between our two countries.

Prime Minister Vo Van Kiet of Vietnam and I had cordial talks on measures to follow through on the discussions which I have had with President Le Duc Anh during his recent visit to the Philippines, including our economic ties, cooperation and facilitating Vietnam's adjustment to ASEAN and the problem of Vietnamese asylum seekers in the Philippines, which still number some 3,000.

Prime Minister Goh Chok Tong and I agreed that the Philippines and Singapore will exchange ambassadors within two months, thus restoring our relations to full normalcy.

While in Bangkok, I had the opportunity to send a message of encouragement to our athletes who were taking part in the Southeast Asian Games through Mrs. Ramos who went to Chiang Mai to cheer our team. The Filipino athletes competing in Chiang Mai were a shining example of how Southeast Asians can engage in activities of friendship and comradeship despite political, economic, religious, ethnic, racial, and cultural diversities. All of us in Southeast Asia can make this example to mark as we filled a community of one Southeast Asia within ASEAN.

As a result of my personal appeal to King Norodom Sihanouk of Cambodia, he had granted a royal pardon to one of our countrymen, (Jose Emilio Sialquil), a Filipino seaman who was sentenced to eight years imprisonment for voluntary manslaughter. Relatedly also on my personal request, Prime Minister Banhan Sinlapa-acha of Thailand had acceded to recommend to King Phumiphon Adunyadet a grant likewise of a royal pardon for one of our countrywomen Jocelyn Salanggusti, a Filipina detained in Thailand for the past 11 years, who was sentenced to 25 years imprisonment for drug trafficking.

Ladies and gentlemen, we thank God Almighty for keeping us all safe and we thank our people for your prayers and support which made possible the success of our mission. Mabuhay ang [Long live the] Philippines 2000, Merry Christmas and a Happy New Year, Salamat po sa inyong lahat [thank you all], now let us go back to work.

Thank you.

Pakistan Signs Information Exchange on Criminals

BK1712143995 Islamabad PTV Television Network in English 1300 GMT 17 Dec 95

[FBIS Transcribed Text] In Manila, Pakistan and the Philippines have signed a Memorandum of Understanding [MOU] for exchange of information regarding terrorists, drug traffickers, and others involved in heinous crimes. The agreement was signed by the Minister of Interior, retired Major General Nasirullah Khan Babar, and Philippines Interior Secretary, Mr. Rafael Alunan. Other senior officials of the Interior Ministries from both countries were present on the occasion. Sources say the MOU will help in the flow of information regarding activities of unlawful elements and others involved in various crimes.

Cooperation Against 'Transnational' Crime Urged

BK1912051795 Quezon City Radio Filipinas in English 0230 GMT 19 Dec 95

[FBIS Transcribed Text] President Fidel V. Ramos yesterday stressed anew the need for regional and international cooperation to combat terrorism and other transnational crimes like human smuggling, illegal arms trading, and drug trafficking. The president said such crimes, which comprise the new threats of challenges to Southeast Asian peace, stability, and economic progress, affect and undermine every single country's growth and development. In particular, the chief executive called for increased exchange on information on transnational crimes; the approval of special agreements, particularly on extradition; and joint operations against terrorism and drugs and arms smugglers.

He said the links established among terrorists and subversive organizations, drug traffickers, other criminal syndicates and paramilitary groups can only be broken by the unified and concerted global action. At the same time the president said the Philippines joins the international community in opposing the use, manufacture, and employment of landmines.

The president said that during his one-on-one talks with Malaysian Prime Minister Mahathir Bin Mohamed, Indonesian President Suharto, and Thai Prime Minister Banhan Sinlapa-acha, he reiterated his invitation for them to send representatives to the international conference on counterterrorism slated to be held in the Philippines on 19-21 February next year.

In a statement issued at the end of the fifth leaders' meeting of the Association of Southeast Asian Nations in Bangkok last Saturday, the president stressed that security is no longer the exclusive domain of military strategists nor is it purely a national concern.

In East Asia, the president said security matters have become connected inextricably with economic and social issues because in this era of deepening economic interdependence, political stability anywhere in the region or even in other regions can affect every single country's growth and development. The president listed three areas of possible cooperation against transnational criminals who carry out their activities across boundaries for their own financial and political gains. These are: The increased exchange of information, intelligence, and expertise needed to prevent and combat terrorism; the conclusion of special agreements on a bilateral, regional, or multilateral basis to ensure the apprehension and prosecution or extradition of these perpetrators of terrorist acts; implementation of possible joint operations among intelligence, counterterrorist, and law enforcement agencies of ASEAN member countries.

The president said it was imperative to increase regional and international cooperation in order to decisively address both the causes and ill effects of terrorism on a meaningful and large scale. He said the Philippines has suffered greatly from the effects of terrorism, subversion, and transnational crimes.

Before flying back to Manila from Cambodia, the president also issued a statement against the use and sale of landmines, pointing out that their deployment is not and has never been part of the Philippines' defense policy. The president said that the Philippines cosponsored at the United Nations resolution against the export and manufacture of landmines and on assistance on mine clearance. He said the Philippines contributed to the mine clearing activities in Cambodia through the UN Development Program. The president also pointed out that the Philippines was a signatory to the convention of certain conventional weapons. In this regard, he called on the Armed Forces to disarm and safely dispose of some 2,460 (?claimed) more mines still in military inventory without delay.

Further on Alleged Admission of Terror Plot

BK1912012395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 18 Dec 95

[FBIS Translated Text] The five Pakistanis arrested in Bulacan at dawn last Saturday [16 December] have been charged with illegal possession of firearms by the Department of Justice. The five Pakistanis are suspected of being part of a terrorist group. Among the evidence seized from the suspects are a fragmentation grenade, two plastic explosives, and several pieces of detonation cord. The charges were filed by Senior Inspector James Brillantes. The five suspects strongly denied the charges. They said they are in the country for entertainment. If found guilty, the five suspects will be sentenced to life imprisonment.

The foreign terrorists planned to liquidate the delegates to the APEC [Asia-Pacific Economic Cooperation] conference. According to police intelligence reports, the spreading of violence was planned by the Muhajir Qaumi Movement [MQM], a terrorist group based in Pakistan. CIC [Central Intelligence Command] Information head Felix Vargas said that Imtiaz Mohammad [Yamin] has admitted to the planned violence. Yamin was one of two Pakistani nationals arrested at Malate, Manila.

The five suspects arrested by the authorities in Bulacan are suspected of being members of the MQM. They allegedly planned bombings and assassination operations against the APEC delegates in November. The MQM group is likewise allegedly involved in the assassination plot against Pakistani President [title as heard] Benazir Bhutto.

Two More Surrender, Deny Charges

BK1912120195 Hong Kong AFP in English 1147 GMT 19 Dec 95

[FBIS Transcribed Excerpt] MANILA, Dec 19 (AFP) — Two more suspected Pakistani terrorists surrendered to the police Tuesday but denied any ties to an international terrorist ring allegedly planning to sabotage the APEC [Asia-Pacific Economic Cooperation] meeting here next year, sources said.

Mohammad Ahmed, 30, and Ishtiq Ahmad, 24, presented themselves at the Criminal Investigation Command headquarters in Manila, said the sources, who requested anonymity.

Police earlier claimed they had ties to a group of seven Pakistanis arrested in two separate raids in Bulacan province just north of Manila and in the capital on Saturday and Sunday.

Ahmed is a cousin of Mohammad Nubin Khan, who was one of the two Pakistanis arrested in Manila on Sunday.

Five of the arrested Pakistanis were charged before the Justice Department on Monday with illegal possession of explosives after policemen confiscated a hand grenade, a dynamite stick, detonating cord and two powerful C4-type bombs from their hideout.

Authorities are still determining what charges would be filed against the other four. All nine Pakistanis have denied terrorist involvement.

But police sources said they were investigating reports the Pakistanis are part of an international ring planning to sabotage the Asia-Pacific Economic Cooperation (APEC) forum summit, hosted by the Philippines in November 1996. [passage omitted]

Information on more Suspects

BK1912105095 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0945 GMT 19 Dec 95

[FBIS Translated Text] The Philippine National Police [PNP] was able to obtain information from suspected Pakistani terrorists. The Pakistani terrorists said there are now 150 members of the Muhajir Qaumi Movement, or MQM, in the Philippines. The movement's intention is to create trouble and sow terrorism in Pakistan and in other parts of the world.

Because of this information obtained, the PNP will triple its security for the five Pakistanis. The PNP will thwart any attempts to free the detained Pakistanis.

In regard to this, the PNP admits they are not ready for next year's Asia-Pacific Economic Cooperation summit that will be attended by many world leaders. The Pakistani terrorists are planning to disrupt the summit.

According to the PNP, they are short of personnel, training, and equipment in their fight against the terrorists.

[Hong Kong AFP in English at 0949 GMT on 19 Dec 95 in a Manila-dateline report, adds: "The Immigration bureau on Tuesday submitted to the Philippine National Police a list of more than 600 foreign students who have overstayed their visas, including 36 believed linked to seven suspected Pakistani terrorists arrested last weekend.

"Felino Quirante, chief aide of Immigration Commissioner Leandro Verceles, said the list inluded 422 Pakistanis, 96 Jordanians, 54 Palestinians, 38 Iranians as well as some from Iraq, Israel and Saudi Arabia.

"He said the university students had failed to renew their visas. Immigration agents would be sent to track them down and deport them, he added.

"Quirante did not divulge the nationalities of the 36 foreigners suspected of having links with the seven Pakistanis, five of whom were nabbed last weekend in Bulacan province and two arrested a day later in Manila.

"Five of the Pakistanis were charged on Monday with illegal possession of explosives after policemen confiscated a hand grenade, a dynamite stick, detonating cord and two powerful C4-type bombs.

"Authorities were still determining what charges would be filed against the other two.

"Police sources said they were investigating reports that the Pakistanis were part of an international terrorist ring planning to sabotage the Asia-Pacific Economic Cooperation (APEC) forum summit to be hosted by the Philippines next year.

"This would include attacks on key facilities, diplomats and embassies, the sources added.

"Police were also investigating reports the seven are among 130 members of a radical Pakistani opposition group, the Muhajir Qaumi Movement (MQM), who had slipped into the country."]

Police Hunt for Sudanese Terrorist in Mindanao

BK1912113595 Manila THE MANILA CHRONICLE in English 15 Dec 95 p 3

[FBIS Transcribed Text] Police are hot on the trail of a suspected Sudanese terrorist who reportedly arrived in the country last month to train Muslim extremists in Mindanao.

A source who requested anonymity said police intelligence agents are monitoring the movements of Omar Ben Mamoud, alleged chairman of the International Mollah Force, which reportedly plan to go after "high priority targets" such as anti-Islam individuals and organizations.

Mamoud reportedly arrived in the country last November 14 and is now in Mindanao where he is training a select group of Abu Sayyaf members in sabotage. The group will be the local Mollah unit.

The same source said Mamoud is a close associate of international terrorist Ramzi Ahmad Yusuf and Hadji Murad, who are facing conspiracy charges in New York for the World Trade Center bombing and for plotting to bomb American airliners and other targets in the U.S. mainland.

Mamoud's presence in the country and his links to the Abu Sayyaf are seen as confirmation of reports that the Philippines has become a strategic base for international terrorists.

Last April, police arrested in the cities of Davao and General Santos a Kuwaiti, two Palestinians, three suspected Abu Sayyaf members, and two suspected members of the Mollah force for alleged participation in the bombing of the San Pedro Cathedral in Davao City and commercial establishments in General Santos in 1993.

The suspects were charged in court but were all acquitted for lack of evidence.

Six other suspected Arab terrorists arrested last March are now undergoing trial before the Kalookan City Regional Trial Court for illegal possession of firearms and explosives.

They are alleged to be members of the Likah Asept Al Islamiya (Islamic Saturday Meeting Group), a suspected front of an international terrorist group.

Last week, intelligence agents have also begun monitoring the movements of two foreigners in Metro Manila believed to be planning to spring the six Arabs from jail.

Meanwhile, a group of eight Pakistanis are reportedly in hiding in the Tandang Sora area in Quezon City waiting for instructions from their handlers abroad.

Abu Sayyaf on Arms Supplied by Foreign Countries

BK1912113395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0945 GMT 19 Dec 95

[FBIS Translated Text] The extremist Abu Sayyaf group has admitted that they have smuggled into the country high-caliber firearms.

Abu Sayyaf support officer (Samsuddin Naim) revealed that they get their support from foreign countries. The support are entirely in arms which are used by the terrorist group in its activities. Included in its smuggled shipment are 84 anti-tank weapons and 90 and 57 millimeter recoilless rifles.

However, (Samsuddin) did not reveal how they were able to smuggle the arms into the country last October.

Thailand

PRC Asked To Help With Burmese Relations

BK1812070395 Bangkok THE NATION in English 18 Dec 95 pp A1,A2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Defence Minister Gen [General] Chawalit Yongchaiyut privately asked Chinese leaders recently to help persuade Rangoon to quickly resolve problems straining Thai-Burmese relations.

The request was made in late October, shortly after he returned from a visit to Burma, where he had hoped his old friendship and rapport with Burmese junta leaders would bring about a quick settlement of various disputes along the border.

A highly-placed military source said a senior Chinese defence leader wrote Chawalit early this month saying he had raised the issue with Rangoon but was politely told the matters are for the two countries themselves to handle.

The source said during his brief Burma visit, Chawalit neither raised nor discussed the problems between the two countries. Instead, he tried to renew and strengthen friendships with the Burmese military leaders, some of whom he has known since he was Army chief and supreme commander.

The Burmese junta, or State Law and Order Restoration Council (SLORC), closed the whole frontier with Thailand, including the three official border crossings, earlier this year after several border disputes and violent conflicts.

The northern checkpoint at Thachilek was shut after a lightning raid in March by a group of opium warlord

Khun Sa's Mong Tai Army, which the SLORC claimed entered Burma from Thailand; the Myawaddi checkpoint after Thai businessmen encroached on the Moei River; and the southern Kawthaung (Victoria Point) crossing after the murder of Burmese crew aboard a Thai fishing boat in early August.

SLORC also suspended construction of the Moei River bridge linking Myawaddi and Thailand's Mae Sot district.

The Thai government and military have tried without success to calm SLORC and to persuade it to quickly resolve the issues.

Instead, Rangoon has set conditions, including the payment of more than US$100 million in compensation for the loss of lives and other damage.

Burmese Foreign Minister U Ohn Gyaw, in a weekend interview, claimed the compensation demands were made by local people who had suffered from the loss of their "dear ones", not by his government.

"The government has no policy to impose on another government that you must pay compensation. It's the thinking of local people that when these people are fully compensated, because they lost their husbands, their dear ones, then this matter can be resolved. This is the way the local people are thinking," he said

Several Army and intelligence officials confirmed that Chawalit has been secretly pursuing a shuttle diplomacy for several months, including sending his most trusted friend and colleague, retired Gen Phat Akanibut, to Burma on secret missions. Deputy Army Chief Gen Chettha Thanacharo, Chawalit's right-hand man in office, has also made a number of visits to Burma.

Chawalit paid a private, 15-minute courtesy call on Friday afternoon on top SLORC top leader Gen Than Shwe, who led a high- level delegation to attend the first summit of the 10 Southeast Asian nations in Bangkok.

An informed source said the two agreed during the brief encounter that their respective border committees will handle the problems and quickly find means to resolve them.

U Ohn Gyaw indicated during the interview that the matter will be cleared up "in a few weeks time". He did not elaborate.

One Army officer, who asked not to be named, told THE NATION that Chettha will travel to Burma again in the next few days. Prime Minister Banhan Sinlapa-acha told Than Shwe he hopes to visit Burma next month.

Thai Army and Foreign Ministry officials said that during the October visit to Beijing, Chawalit also raised his concerns about weapons proliferation in Southeast Asia, which he worries could threaten peace and stability in the region.

The Chinese defence leaders noted that many superpowers and other arms-producing countries are heavily involved in arms sales in the region, and that China's sales are within the rules and regulations set down by the UN, they said.

Burma Confident Border Problems Can Be Resolved

BK1612114095 Bangkok BANGKOK POST in English 16 Dec 95 p 6

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] Burmese Prime Minister Senior General Than Shwe yesterday expressed confidence that problems along the Thai-Burmese border could be resolved with determination from both sides.

He described the problems as "minor", local level, and normal to two countries sharing a 2,401 km-long border.

Gen Than Shwe, who is also defence minister and chairman of the ruling State Law and Order Restoration Council [SLORC] in Rangoon, met with Prime Minister Banhan Sinlapa-Acha for nearly half an hour.

SLORC's First Secretary General Lt Gen Khin Nyunt and Foreign Minister Ohn Gyaw also attended the meeting.

Prime Minister Banhan received leaders of Burma, Cambodia and Laos for separate talks before he hosted the meeting of heads of government of 10 Southeast Asian Nations.

Mr Sarot Chawanawirat, deputy permanent secretary for foreign affairs, said that in the meeting with the Burmese leader, Mr Banhan expressed his wish to take up the invitation to visit Rangoon next month if the opportunity arises.

Mr Sarot said Mr Banhan also informed him of the Cabinet's approval for a draft border trade agreement between the two countries.

Mr Banhan noted that officials from both sides would need some time to work out details, including customs procedures, before the agreement could be signed.

Mr Sarot added that Mr Banhan also expressed hope Thailand and Burma would find long-term solutions to their fisheries problems.

He assured Gen Than Shwe that Thai fishermen involved in the killing of two Burmese crewmen in August would be sentenced very soon.

Burmese authorities closed the Victoria Point-Ranong checkpoint following the murder. Earlier, they had closed checkpoints at Myawaddy-Mae Sod and Tachilek-Mae Sai.

Mr Banhan confirmed with Burmese, Cambodian and Laotian leaders that ASEAN had decided to cooperate in development of the Mekong sub-region.

He pointed out that development of the sub-region does not necessarily have to be undertaken by countries sharing borders.

Mr Banhan's meetings with Cambodian and Laotian leaders lasted about 15 minutes each.

In the meeting with Cambodia's Co-Premiers, Prince Norodom Ranariddh and Mr Hun Sen, Mr Banhan told them of the Thai Cabinet's approval for a project to repair a 50 km-long road from the Cambodian border town of Poi Pet to Si Sophon in the Northwest of Cambodia, and to build more roads in the southern and central part of the country.

The Cabinet also gave the green light for 50 fellowships to train Cambodian soldiers in rural development.

Prince Ranariddh was quoted as saying that Cambodia expected to join ASEAN in the near future although it was still poor. He said Cambodia expected to make progress in development by becoming an ASEAN members.

The prince also reiterated Cambodia's wish for Thailand to help develop human resources.

Thais Blamed for Burmese Border Problems

BK1712135095 Bangkok THE SUNDAY POST in English 17 Dec 95 p 3

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] Thailand has to "untie the string" to resolve problems along the Burmese border, Burma's Foreign Minister said yesterday.

Mr Ohn Gyaw cited a Chinese saying: "The one who ties the string has to untie it" when asked how to resolve border problems which have become a thorn in relations.

But he would not say how.

Mr Ohn Gyaw made clear yesterday before returning to Rangoon after the ASEAN Summit his view that the problems were caused by the Thai side.

He cited the disappearance of an islet on the Moei river, the natural border between the two countries, during construction of the Thai-Burmese Friendship Bridge in Mae Sot, Tak.

"You have to go into the exact situation. Before the bridge was built there was an island, and when we agreed that a bridge be built, this island disappeared. We didn't do it, who did it?" he said.

Thai businessmen filled in the waterway between the Thai side to the islet in order to gain more land for investment. Burmese authorities suspended construction in June in protest.

Rangoon demanded the natural waterway be restored following the disappearance of an islet in the Meoi a few years ago.

Burmese authorities have closed three border checkpoints, which were key trading points after alleging Thai support for ethnic Karen and Shan rebels, and the killing of at least two Burmese fishermen on Thai vessels in August. The checkpoints are Tachilek-Mae Sai, Chiang Rai, and Myawadi-Mae Sot, Tak in March, and Victoria Point-Ranong in August.

Mr Ohn Gyaw described the problem as being at a "local level", including the alleged demand of $100 million in compensation for the loss of income from the closure of the checkpoints and for damage to property when Shan rebels fled into Thai territory while fleeing Burmese forces.

Another $1 million was demanded for the families of the dead fishermen.

He denied the State Law and Order Restoration Council [SLORC] had made those demands, saying it was local people affected by the incidents.

The minister also dismissed suggestions local officials would not make such demands without support from SLORC.

"In the name of the government, we have never set that kind of compensation," he said.

"It is not our policy. But the idea and indication is that if there is some arrangement at a provincial level, eventually to those poor people who suffered when their husband is killed, the problems can be resolved."

The government had tried through a number of channels, including the military which has close ties with the Burmese junta, to resolve problems on a bilateral level.

Mr Ohn Gyaw said the Thai position was as such but "it should be more amicable", implying Thai authorities would have to resolve the problems.

However, he expressed confidence the problems could be resolved soon following talks between Prime Minister Banhan Sinlapa-acha and Burmese Premier Gen Than Shwe on Friday.

Invitation of Cambodia, Laos, Burma to ASEM

BK1912054895 Bangkok THAILAND TIMES in English 19 Dec 95 p A1

[Report by Thichakon Khuphan]

[FBIS Transcribed Text] Bangkok — Cambodia, Laos, and Burma will probably be invited to the Asia-Europe Meeting (ASEM), scheduled to be held in Bangkok in March next year, since the three countries are expected to be members of the Association of Southeast Asian Nations (ASEAN) soon, a Foreign Ministry source said yesterday.

Foreign Ministry Permanent Secretary MR [Mom Ratchawong — royal title] Thep Thewakun, Deputy Permanent Secretary Sarot Chawanawirat, and European Affairs Department Director General Aphinan Chawanarit are currently in Madrid, Spain, to meet their Asian and European counterparts to discuss fundamental works for the ASEM, which includes 25 countries from Asia and Europe.

The invitation of Cambodia, Laos, and Burma would be discussed during the two day meeting which started yesterday, the source said.

However, Foreign Ministry's Press Division Director Phondet Worachat told THAILAND TIMES whether the three countries will be invited or not depends on the resolution of the Asian and European senior officials meeting.

Cambodia and Laos were invited as observers in the ASEAN Summit in Bangkok last week while Burma as the guest of the association.

The director said the main purpose of this gathering is to familiarize 25 nations with one another, and Thailand does not expect much from this forum since the ASEM is the first formal meeting between the two continents.

Phondet said the forthcoming gathering, like that of ASEAN 28 years ago, is to be born amid disparaging remarks that the two regions of diverse backgrounds would never be united.

"It's like walking in a dark tunnel where light cannot be seen in the beginning, but if we go on walking, there may be a light at the end of tunnel waiting for us," he said, adding he has a strong belief that the attempt to bind the two regions will eventually reach the common goals of economic, trade, investment, and culture cooperation.

Phondet added that if East Asia and Europe were to be nicely tied, other aspects like security and political cooperation between them would appear, leaving no exception to the ASEAN's Treaty of Southeast Asia Nuclear Weapons Free Zone.

The five proclaimed nuclear nations — the US, China, Russia, France and Britain — were expected to sign the protocol attached to the treaty during last week's ASEAN summit. However, all five states have not yet indicated they are willing to sign the protocol.

Vietnam's Performance at ASEAN Summit Noted

BK1912071395 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 19 Dec 95 p 1

[Report by Nguyen Quoc Anh and Luu Mai Phuong: "Hanoi Makes Low- Key Debut"]

[FBIS Transcribed Text] Vietnam has just missed a golden opportunity to grab a share of regional media limelight.

Among the crowd of almost 1,000 press representatives covering the fifth summit of the Association of Southeast Asian Nations last Thursday and Friday, there were those intent on reporting the debut presence of Vietnam in this major regional event.

Back in July Vietnam became the newest member of the grouping, joining Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Those looking for quotes from the seventh member attending the ASEAN summit for the first time were to be disappointed, as Prime Minister Vo Van Kiet offered very few quotable remarks on the record.

However, those familiar with the Vietnamese style and the secretive characteristics of Vietnamese leadership were not surprised.

At the annual ASEAN foreign ministers' meeting in Brunei in July in which Foreign Minister Nguyen Manh Cam represented Vietnam in the admission ceremony and the subsequent meetings, his speech revealed little beyond the general line that Vietnam wants to befriend every nation in the world.

Mr. Kiet's presence and participation at last week's summit carried special value because Hanoi has now crossed the line to become part of the grouping that led international campaigns to isolate it in the 1980s.

Behind closed doors in working sessions or at dinner functions, Mr. Kiet undoubtedly impressed his fellow ASEAN leaders with his warm and pleasant personality which is the typical feature of southern Vietnamese.

Yet on stage, he found himself a prisoner to two bland speeches: one at the opening session and the other at the closing ceremony in his capacity as host of the sixth summit in three years time.

Both speeches dwelt lengthily on predictable generalities that have been around as Vietnam's politically correct line since 1991's seventh congress of the Communist Party.

In contrast, Singaporean Prime Minister Goh Chok Tong made off-the-cuff remarks, adding to the prepared text of his speech to elaborate on his ideas.

Thai Prime Minister Banhan Sinlapa-acha did the same at the closing speech in prompt reaction to ideas on ASEAN participation in development in the greater Mekong region -- proposals that came into full bloom during the summit's final working sessions.

But Mr. Kiet never veered off the prepared texts which resembled speeches programmed for all senior Vietnamese officials to say to all visiting foreign dignitaries to Vietnam over the last three years.

In his speech to the opening session on Thursday, Mr. Kiet told the audience Vietnam is pushing ahead its "Renovation cause" — or policy of economic openness — in order to actively participate in the development of ever closer economic relations among member countries.

He said the diversity of the group in terms of history, culture and development level presents itself as no small challenge to ASEAN on its path of development.

One analyst said: "In ASEAN, they talk about substance," adding that Vietnam — and Mr. Kiet — should have sent out a clear message on how and in what way other ASEAN countries could help it speed up its integration into the organisation. It would have been a very appropriate topic to bring up at the summit.

Apart from Thai Prime Minister Banhan, Mr. Kiet is the only other first-timer at this summit.

Perhaps Vietnam, which lived in isolation for so long, needs more time to get tuned into the ASEAN ways.

It was not until the last several months when Vietnamese officials from ASEAN-related government agencies and departments were sent to other member countries for training.

In his closing speech, Goh Chok Tong said: "New members will have to adjust quickly to ASEAN's values and corporate culture. For instance, they may be initially surprised at the frank and candid way in which we discuss problems and the manner in which we reach consensus."

Cambodia and Laos said they are seeking to graduate from being observers to full ASEAN members within the next two years, while Burma is hoping to be admitted as an observer next year.

Other ASEAN leaders have endorsed and promised to support Vietnam's hosting of the next ASEAN summit in 1998.

About 60 Vietnamese officials from various agencies attended last week's summit in the hope they could get some ideas for when their country hosts the next one.

ASEAN Praised for Social Concerns Priority

BK1712151095 Bangkok THE SUNDAY NATION in English 17 Dec 95 p A4

[Editorial: "ASEAN Is Correct To Make Social Concerns a Priority"]

[FBIS Transcribed Text] ASEAN's economic growth in the last few years has, by itself, underlined the importance of the region in this rapidly globalizing world. And from the looks of it, the members largely have themselves to thank. A 10-member ASEAN, as has been proposed, using its economic clout and political strength to make its voice heard, could very well be possible by the dawn of the next millennium, assuming of course that all members have political stability and are willing to set aside their differences in order to bring about unity. As history has often shown us, yesterday's enemies can be tomorrow's allies.

ASEAN still has many problems to address. Among them are social concerns that have been left behind in the rush to achieve economic success. And because of this, Philippine President Fidel Ramos has affirmed that ASEAN will resolve to see to it that several — alleviation of poverty, science and education, culture and arts, health, among others — are tackled and included in ASEAN's agenda even during the planned informal summits. By emphasizing mobility and the development, sharing and protection of human resources, Ramos has touched on one key issue that needs to be resolved immediately.

As a result of ASEAN's prosperity there has been an increase in the cross-border migration of its respective peoples, with many having gone to neighbouring countries specifically to seek employment. This is, in all probability, due to the fact that while national economies have exhibited either signs of recovery, or shown unmistakable resurgence and resilience, the effects have failed to reach some sectors of society that badly need assistance. Poverty and political displacement have left many with no choice but to try their luck elsewhere.

In Thailand, there are thousands of construction workers from Burma. Malaysia hosts many Thai, Philippine and Indonesian nationals employed in the service and manufacturing industries. The same is true in Singapore and Brunei.

This trans-migration brings with it particular problems — some of which emanate from cultural differences. In many instances, they are due to the non-observance of previously agreed conditions in signed contracts. It is, therefore, necessary and imperative for ASEAN to come up with a concrete and very detailed policy on this issue.

The members need not be reminded of the recent conflict between the Philippines and Singapore. As President Ramos said, although both countries have agreed to exchange ambassadors in two months, there is still a lot to be done vis-a-vis employee/employer relations.

As a corollary to this, it is important for ASEAN to see that the rights of migrant workers are observed and that they are given protection and treated equally by the law. By informing potential migrant workers, for example, of all the things involved in moving to another country, there will be fewer chances for differences to be blown out of proportion and cordial relations affected. Minor irritants need not become full-scale diplomatic conflicts.

One way to prevent this is to ensure that education plays a vital part in cultivating closer relations among ASEAN member states. Thus, the ASEAN university network should be expanded so that countries can exchange political, economic, social and cultural information.

Exchange programmes can also be utilized to give each member an opportunity to realize and experience the way its neighbours conduct themselves, be it in business, politics or religion. This will, in the long run, complement the policies on open borders, continuing interdependence and free trade.

An education programme would also greatly benefit the other three countries (Cambodia, Laos and Burma) in their march towards ASEAN membership and in their desire to fix their economies.

The development of ASEAN's sense of identity and community will further clarify and underline ASEAN's meaning for the lives of its peoples. ASEAN has done a lot and has even gone the extra mile sometimes in order to ensure that its ideas and visions are adjusted in light of changing circumstances. The economies of its members will continue to grow, but it will not be able to benefit everyone at the same time. Some might not even benefit at all.

But if ASEAN is able to at least do its best to make the lives of its people better, it will have achieved something that will stand the test of time.

ASEAN Leaders Plan To Hold Annual Meetings

BK1912045995 Bangkok THE NATION in English 19 Dec 95 p A4

[Editorial: "More Solidarity Through Annual Informal Meetings"]

[FBIS Transcribed Text] After years of reluctance, the ASEAN heads of government finally decided on Thursday to meet informally every year, paving the way for more consultations and coordination in all aspects of ASEAN affairs.

In addition, the ASEAN leaders will also meet informally with other Asian leaders, most significantly Japan and South Korea. That in itself is historic.

Even after the Singapore summit in 1992, when the leaders resolved to meet formally every three years and informally in between, they did not utilize the opportunity.

Arrangements were also made for ASEAN leaders to meet informally on two occasions at the APEC [Asia-Pacific Economic Cooperation] meetings in Seattle and Bogor, but no one seemed to think it was necessary.

Thailand called for an informal summit in November 1993 in Seattle but it was cancelled at the last minute because Malaysian Prime Minister Mahathir Mohamed decided not to attend the first APEC leaders' meeting. Both the Philippines and Thailand supported the informal meeting among ASEAN leaders before the APEC meeting in Jakarta last year but the other ASEAN countries thought it was inappropriate.

Many factors [subhead]

That was two years ago, when any gathering of ASEAN leaders in a broader summit would be considered as "ganging up" against the West.

Why now? What do they have in mind? There are many factors and some of them are personal.

First and foremost, ASEAN leaders are more confident now than before and they meet and consult on their own affairs to promote prosperity and well-being in the region without fear that it would jeopardize their relations with countries outside the region.

Equally important is the improvement of their personal relations, especially among the two heavyweight leaders, Indonesia's President Suharto and Prime Minister Mahathir. Indeed, the annual informal meeting would not have materialized without the acquiescence of the two leaders.

Doubtless, they are more at ease now with one another than ever before. Ill feelings caused by misunderstandings during the Non- aligned summit meeting in Jakarta in 1992 and the Bogor meeting were put on the back burners. Encouraged by the two's renewed friendship, other ASEAN leaders joined in.

Another factor is the rapid changes in the region and the world at large. The ASEAN leaders want to see their organization develop closer ties among themselves and with other countries, especially those who are economic giants in the region, to compete in the world market.

Matter of time [subhead]

Singapore Prime Minister Goh Chok Tong was quick to suggest that Japan and South Korea be invited to the informal meeting next year. It is probably only a matter of time before Australia, China and India join the bandwagon.

After the first Asia-Europe Meeting (ASEM), Asian leaders will be able to consult informally and follow up on the progress because there will be a year or two before the next ASEM. This would provide them with the opportunity to discuss further their cooperation in the broader context of Asia-Europe links.

Symbolically speaking, it is also important that the first-ever informal ASEAN summit be held in Bogor in December next year. Indonesia was asked by the APEC leaders to be the first Asian country to host the second APEC leaders' meeting, and this subsequently propelled Indonesia's role as the world's front-runner in supporting the free trade system.

Therefore, in recognition of Indonesia's increasing role and growing stature, it is fitting that the country was invited to play host. It would allow the fourth largest country in the world to demonstrate that its commitment to free trade in the APEC context was equal to, if not greater than, its commitment to free trade in the ASEAN framework.

In addition, Indonesia was the host of the first ASEAN summit.

In the past, the ASEAN foreign ministers made decisions pertaining to things ASEAN in the absence of their heads of government. From now on, important decisions will be made at the highest level at their yearly informal meeting, which will facilitate policy implementation at the lower levels.

Finally, it is the word 'informal' that has made every leader so agreeable to the idea. When the leaders meet informally, in the ASEAN lexicon, it means that they will try to do their best, especially on issues that they are comfortable with. The 'informal' setup has gained currency in world politics because it gives leeway for the involved parties to remain uncommitted on issues that they are not yet ready for.

Most formal decisions today were informally made yesterday.

Furthermore, informal meetings have now become the official norm for "first time" or "initial" meetings among leaders. For instance, the meeting between the ASEAN leaders and their counterparts from Laos, Cambodia and Burma was also informal.

The forthcoming ASEM to be held from March 1-2, 1996 will be an informal summit of the heads of government from 25 nations. The so- called "open agenda" or "no agenda" at informal meetings is, in fact, full of agendas.

That is why the first informal meeting of 10 Southeast Asian states had produced an unexpected result as ASEAN agreed to establish a formal link with the Mekong sub-region to help propel the integration of the whole Southeast Asian region by year 2000.

Navy Stresses Need for Submarines

BK1912041395 Bangkok THE NATION in English 19 Dec 95 p A1

[Unattributed report]

[FBIS Transcribed Text] The Navy insisted yesterday it still wants two submarines, while the permanent secretary for defence called on the government to disprove bribery allegations so it can go ahead with the purchase as soon as possible.

Navy Commander-in-Chief Adm Prachet Siridet reiterated that the national defence system would be affected if the plan to purchase the two diesel-powered attack submarines for about Bt [baht] 17 billion was torpedoed.

Permanent Secretary for Defence Gen Phaibun Iamphan said the government and other parties alleged to have received bribes from Swedish industrial group Kockums should try to clear their names.

A Swedish peace group earlier alleged that Kockums had paid bribes to either Prime Minister Banhan Sinlapa-acha or his Chat Thai Party to increase its chances of securing the Navy contract.

Banhan and his party have denied the charges and have sued SIAM POST daily for playing up the allegations.

Later, DAGENS NYHETER, the Swedish newspaper which published the initial allegations, added that Kockums had paid bribes to five political parties, both within and outside the Banhan coalition.

The military has decried the allegations, saying the whole affair was simply games among political rivals.

"Political games should not be allowed to negatively affect military affairs," Prachet said yesterday.

But the Navy chief said he hoped the allegations would not affect and delay the Navy's plan to purchase the submarines.

Earlier, the plan was delayed when the Chuan government declined to give the green light to the Navy's request to call for bids, saying the government needed the money to provide cheap loans to students.

Prachet said the Navy was still studying the technical aspects of prospective bidders for the project and had not ruled out any group, including Kockums.

Phaibun said he did not care who started the bribery allegations, "but the Navy still needs to buy the submarines".

The permanent secretary said he feared the allegations would further delay the purchase.

"The Navy plans to seek a budget from the government after settling on the specifications of the submarines. Now that there have been allegations, I'm afraid the process will be delayed," Phaibun said.

"As a result, the government should find out what the truth is."

Phaibun reiterated his belief that it was impossible that Kockums would pay bribes because the Chuan government had turned down the Navy's request to go on with the project.

"It is impossible that Kockums would have invested for nothing. I think the allegations were cooked up to create confusion," he said.

Phaibun said Henrik Westander, the Swedish peace activist and arms researcher who first made the allegations, should send his evidence to the Thai government for investigation.

"If he has no evidence, it means his allegations were groundless," Phaibun said.

He said Thailand should be the first country in Southeast Asia to have submarines.

"But now it's too late. Other countries will have them before us," he said.

Commanders Urge End to Submarine 'Politicking'

BK1912052795 Bangkok BUSINESS DAY in English 19 Dec 95 p 1

[Report by a "staff writer"]

[FBIS Transcribed Text] Supreme Commander General Wirot Saengsanit and Navy Commander-in-Chief Admiral Prachet Siridet have called for an end to what they termed as "politicking" over the proposed acquisition by the Thai Navy of two submarines worth 17 billion baht.

Gen Wirot said everyone should be responsible for national security, and political games should not be played at the expense of national security.

He said the matter should be considered by the Navy, and if any company thinks it received unfair treatment, it can appeal for re- consideration.

Admiral Prachet, who was scheduled to leave for the UK this morning, said the political interference should not affect military affairs.

Swedish defense manufacturer Kockums Submarine rejected outright allegations of bribery that appeared in the Swedish daily DAGENS NYKETER last Thursday. Kockums spokesman Thomas Asosenius said the front-page story hurt the company as much as the one written by arms-trade researcher Enrik Westander, published on November 26 by the same newspaper.

In the story, the paper claimed that Kockums gave money to five Thai political parties, in an attempt to secure a Thai Navy order for two submarines. These five parties, the report said, were inside and outside the seven-party coalition government.

The story alleged that British and German competitors of the Swedish firm also paid bribes in the hope of winning the contract, which has yet to be awarded.

In the November story, Kockums was alleged to have paid "a considerable sum of money" to Prime Minister Banhan Sinlapa-acha or to his Chat Thai party in the last election in order to improve the company's chances of winning the bid for the two submarines.

Central Bank Aims To Reduce Account Deficit

BK1912060095 Bangkok THE NATION in English 19 Dec 95 p B12

[Report by Charuwan Loetwinyu]

[FBIS Transcribed Text] The Bank of Thailand aims to reduce the current account deficit in a decisive and orderly manner in 1996 even if it has to maintain a tighter monetary policy, stressed its chief economist.

Speaking to the Foreign Brokers' Club, Bandit Nitchathawon [director of Bank of Thailand's Research Department] yesterday signalled the strong determination of the banking authorities to make a serious effort to tackle the current account deficit, which will become the focus of their policy-making next year.

To ensure a reduction of the deficit in 1996 and beyond, he said: "It is important that the government remains vigilant in its financial policies and focuses on sustaining moderation of demand."

Bandit added: "Arresting the high level of the deficit, in our view, is most important for maintaining the country's economic stability in the medium-term."

The current account deficit and inflation are the two major problems that have affected foreign investors' confidence in the Thai economy since the beginning of this year, particularly after the Mexican financial crisis.

Yesterday, Bandit sought to calm nervousness about Thailand's current account deficit, arguing that it is "sustainable" due to the strength of the "real" economy and the soundness of Thailand's overall financial position. He based his arguments on the following points:

— The Thai deficit reflects increasing investment and not an increase in consumption.

— The Thai deficit occurs with strong GDP and export growth. Over the past four years Thailand's economy has been growing at more than eight per cent annually. Thailand's exports also averaged 16 per cent growth in terms of volume, doubling the growth figure for world trade.

The export sector has been buoyed by price competitiveness, expansion and diversification of the export market, continued upgrades in export industries to high value-added products and capacity expansion.

— Thailand does not have a fiscal deficit problem. The Thai government has been running fiscal surpluses for the past eight consecutive years. In the absence of a government deficit, the current account deficit reflects the investment/savings imbalance of the private sector. This gap can be corrected by a moderation in private investment activity.

— The Thai deficit is more than adequately financed by quality capital inflows. In the first nine months of 1995, capital inflows more than financed the deficit, resulting in a balance of payments surplus of US$5.9 billion. This reflects the strong economy with strong investment and exports and high levels of confidence.

In the first nine months of this year, inflows from direct investment and BIBF [Bangkok International Banking Facility] lendings — which went to investment projects, public capital, equity investment, international bond issues and trade credit — more than financed the deficit of about US$10.2 billion, making Thailand's economy sustainable.

— Thailand has a high level of international reserves and a low external debt figure. Total external debt at the end of 1994 reached US$64 billion — equivalent to about 44 per cent of GDP. The debt service ratio is about 11 per cent of total export earnings, low by international standards.

The debt situation looks even more benign when viewed in comparison to the country's stock of international reserves which stood at US$30.3 billion at the end of 1994 before rising to US$35.7 billion at the end of October 1995.

Looking ahead, Bandit pointed out encouraging signs for the deficit, which has been caused this year by two important factors — domestic demand and the trade shock due to foreign exchange fluctuations. He said domestic demand, particularly private investment, has slowed, meaning that imports will fall and the deficit looks set to narrow.

On the other hand, since September the weak yen has contributed to the decline in the price of raw materials Thailand imports to manufacture finished products for export. This will ease the pressure on the current account deficit.

Due to this factor, Bandit said the current account deficit fell in the third quarter to Bt [baht] 74.7 billion from Bt107.3 billion in the second quarter.

"What is more important is that the slowing of demand momentum now being observed is expected to continue with the authorities continuing to press on with the current tight monetary policy stance," Bandit stressed.

"Therefore, import growth will further recede and the current account deficit will stabilize and decline. This suggests that the worst of the rising deficit may soon be over."

Vietnam

Deputy Premier Welcomes WTO Delegation

BK1812161895 Hanoi VNA in English 1525 GMT 18 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 18 — Deputy Prime Minister Phan Van Khai received here today a delegation of the World Trade Organisation (WTO) led by Seung Ho, chairman of the Working Board for Admitting Vietnam to the WTO, now on a working visit to Vietnam.

The Vietnamese Deputy Prime Minister affirmed Vietnam's open-door policy to befriend all nations, reviewed what Vietnam has done for a peaceful and stable environment in the region as well as to integrate into the international community. He wished that Vietnam would receive more support from the WTO while joining the organisation.

Mr. Seung Ho welcomed Vietnam's decision to take part in the WTO and its achievements in the economic renovation. He affirmed the fine relations between WTO and Vietnam and pledged to take proper measures to strongly support Vietnam in its negotiating process to join the WTO.

Air Service With United Arab Emirates Initialed

BK1912081795 Hanoi VNA in English
0709 GMT 19 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 19 — Representatives of the Civil Aviation Administration of Vietnam and the Transport, Communications and Posts Ministry of the United Arab Emirates recently initialled an agreement on air services.

The agreement deals with the application of the Chicago Convention, the granting of rights, appointments and permits for airlines to operate, and the issuing and withdrawal of operating authorisations. Principles for the management and conduct of agreed flights, airfares, Customs tax and leasing are also stipulated in the agreement.

Premier Comments on Results of ASEAN Summit

BK1812100595 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 17 Dec 95

[FBIS Translated Text] Dear friends: Prime Minister Vo Van Kiet left Bangkok, Thailand for home this morning after attending the Fifth ASEAN Summit. On his airplane, Prime Minister Vo Van Kiet talked to journalists about the significance and results of the ASEAN summit as well as current affairs in the Southeast Asian region. Prime Minister Vo Van Kiet said:

[Begin Vo Van Kiet recording] Comrades, as you probably know by following general international and domestic affairs, life in a nation has a close relationship with the international situation. A nation that follows that reality closely and brings its interests in line with common interests will always live harmoniously with the community and carry out integration into the community.

In order to make our Vietnam advance steadily, our own strength should be supplemented by that of the community of nations that has the goodwill to cooperate with us, such as ASEAN. By participating in such an organization, we are creating a more steady position and more favorable conditions for better relations with other nations and other regions.

We are pursuing bilateral and multilateral relations in places like Europe, Asia, Latin America, and Africa. When we integrate into a community like ASEAN, it does not hamper or slow our existing relations with other nations. They can be further developed when we become an official member of the community closest to us; of our neighbors.

Obviously, this conference is significant to us. The leaders of all ASEAN countries — Vietnam and the six other members — and the three countries that have not been admitted to ASEAN but also attended the conference all viewed this ASEAN conference as having historic and important significance; a new development in developing a harmony that this region has never experienced, not only in organization but also in the conception of firmly safeguarding independence and sovereignty. In basic terms, ASEAN bears the principles of Bali — diversified cooperation, mutual respect, and no-interference in each other's internal affairs.

The common evaluation of the ASEAN conference shows that ASEAN, formerly with five members but now seven, will in the near future — at the beginning of the next century or even earlier, at the Eighth ASEAN Summit — increase to ten countries. [end recording]

Significance of Fifth ASEAN Summit Viewed

BK1412160895 Hanoi Voice of Vietnam in English
1000 GMT 14 Dec 95

[Station Commentary]

[FBIS Transcribed Text] The fifth summit of ASEAN opened in Bangkok, Thailand on Thursday. Our radio editor highlights the event.

The summit is being held while situation in the region and the world is changing toward the trend of peace, stability, cooperation, and development. Hot spots in the world are in the process of settlement through peaceful negotiations. The situations in the Middle East, Africa, Bulkan, and some republics of the former Soviet Union have seen new developments. The European Union, expanded from 12 to 15 members; and ASEAN is also in the process of expansion from six to seven and then to 10 including Laos, Cambodia, and Myanmar [Burma].

In 1993-94, economic cooperation between ASEAN and the region increased from $204 to $245 million [figures as heard]. Other economic ties, including investment, industry, agriculture, fishery, transport and communications, tourism, and services have also been developed.

According to a report by the World Trade Organization, ASEAN ranked fourth in trade in the world after the European Union, United States, and Japan. Its trade growth is much quicker than other countries, with the total trade value of $90 billion. The process of trading cooperation of ASEAN is being promoted, shortening the time for the setting up of the ASEAN Free Trade Area from 15 to 10 years. Over the past five years, ASEAN's GDP has been seven percent a year and this growth rate will be maintained in the coming several years. Thanks to its economic achievements and efforts for peace and stability, ASEAN has a stronger voice in the world. So far, it has dialogued with superpowers in the world.

Earlier this week, ASEAN economic ministers and Deputy Chairman of the European Council Leon Brittan discussed plan for the Asia- Europe summit to be held in Thailand on 1-2 March next year. The conference will help improve relations between these two continents to the higher level in which the role of ASEAN will be enhanced.

The fifth ASEAN summit will discuss political and security measures to create unity in this area and turn it into a non-nuclear region, prospect for the ASEAN Free Trade Area, human resources development, and AIDS control and prevention in the region.

At the conference, ASEAN member countries will sign a number of agreements on cooperation in the region, including the fifth ASEAN summit statement, and treaty on non-nuclear Southeast Asia.

As a full member of ASEAN for just a few months, Vietnam has taken an active part in all activities of the organization. At this summit, Vietnam has participated in preparation of all documents. The ASEAN high-level economic conference held on December 10 and the ASEAN Free Trade Area welcomed Vietnam joining the concessional economic program on tariff as from January 1, 1996 and the list as requested by AFTA. This shows that though meeting with many difficulties, Vietnam is determined to implement its commitments.

Before leaving for the summit, Vietnamese Prime Minister Vo Van Kiet affirmed that although the fulfillment of commitments and obligations as the full member is not simple, it suits the orientations of the renovation process in Vietnam and will breath more life to development of ASEAN.

Radio Essay Praises Results of ASEAN Summit

BK1912113795 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 16 Dec 95

[Unattributed essay]

[FBIS Translated Text] Dear friends: The 5th ASEAN summit conference has concluded successfully. Leaders of various countries in the region signed and passed a series of important documents, mapping out the course of action and goals for ASEAN development in the coming years, and creating a basis for upgrading cooperation to new heights.

The two-day summit conference, which featured the first meeting of ten regional state leaders, was actually a demonstration of the unity of the entire Southeast Asia region. This event is of historic importance for a region which has, for half a century, experienced many brutal conflicts and wars. Not only did these conflicts and wars claim millions of lives and cause appalling destruction but they also drove regional countries into a state of confrontation and hatred.

The summit results marked a new era of development in the 30 year-old history of ASEAN, and also opened up new prospects for cooperation in the entire region.

The summit reaffirmed a pledge to rebuild a steadfast, progressive, and united ASEAN community for the sake of prosperity and happiness of the people in the entire region.

ASEAN leaders adopted many specific decisions, including a decision to increase high-level contacts to speed up the process of regional integration by promptly expanding ASEAN to cover all 10 Southeast Asian nations, promoting security cooperation, and maintaining an environment of peace and stability for the entire region.

Obviously, the Southeast Asian nations have never enjoyed as favorable an opportunity as they do now to unite together in the struggle for peace, cooperation, and development. However, apart from this favorable opportunity, regional countries are facing numerous difficulties and ordeals on the path toward achieving their goals.

Proceeding from a new, eventful world situation, differences in terms of history and culture as well as uneven economic development levels, we must seize the new opportunity and must unite together to achieve cooperation in overcoming ordeals. This is a way for ASEAN to affirm its role and position in the coming century.

The signing of a treaty to turn Southeast Asia into a nuclear- free zone reflected the prowess and determination of countries in the region to decide their own destiny.

At this summit conference, Vietnam — participating for the first time as an official member — contributed positively to the success of the conference and was praised by other countries. ASEAN countries highly appraised Vietnam for its initial efforts and results in its integration into the region, and warmly welcomed Vietnam's offer to host the 6th ASEAN summit in 1998. They believe that with its potentials in various areas, with its dynamic economic growth, and with its policy to multilateralize and diversify international relations, Vietnam will contribute greatly to building a steadfast ASEAN.

At the conference, Prime Minister Vo Van Kiet said that Vietnam would do its utmost to help further consolidate and develop ASEAN for the sake of cooperation, friendship, and prosperity among the community of ASEAN countries and for the lofty responsibility of ASEAN, and contribute to the cause of peace, stability, and development in Southeast Asia as well as in the world.

Vietnam's integration into the region comes as a natural process in accordance with the evolutionary law. ASEAN goals conform to the interests of development of Vietnam, as well as to its foreign policy. The implementation of our cooperation commitments with ASEAN will contribute to stepping up the process of national industrialization and modernization. Reversely, renovation achievements will create conditions and capabilities to speed up the process of regional integration.

Facts obtained in the recent past show that with high efforts and determination, we are fully able to gradually and practically participate in all areas of cooperation with ASEAN. Meanwhile, various sectors and echelons are required to deploy various programs and plans of cooperation within the ASEAN framework more positively.

Brunei's Envoy Welcomes Bilateral Ties

BK1312122595 Hanoi VNA in English
0641 GMT 13 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 12— Vietnam and Brunei both expressed their desire to further promote the fine friendship and bilateral cooperation to an extent commensurate to their potential.

The wish was revealed at a reception here today by Deputy Foreign Minister Nguyen Dinh Bin to Brunei Charge d'Affairs Pengira Omar Bin Pengiran Haji Damit [name as received], who presented credentials from his country's Foreign Ministry.

After expressing thanks to the Bruneian Government for its assistance, Mr Bin said he hoped that the two countries would do their best to promote these relations bilaterally and multilaterally.

Then Bruneian official said that the opening of Brunei's Embassy in Hanoi would facilitate the expansion of the friendship and multi-faceted cooperation between the two countries.

Cuban President Sends Do Muoi Thank You Note

BK1712073395 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 15 Dec 95

[FBIS Translated Text] Before leaving Vietnam for home on 12 December from Ho Chi Minh City, Comrade Fidel Castro Ruz sent a letter of thanks to Party General Secretary Do Muoi. The letter reads:

Dear Comrade Do Muoi, I bid farewell to Vietnam with an ever increasing passion and admiration for the country. I think that the efforts you are making are excellent. I have seen evidence of progress, and though the challenges are still enormous, I am sure that you will win. My congratulations to Vietnamese comrades who did not cling to dogmatism, and who has been so valiant and brave.

Capitalism is a tragedy and the culprit that is causing the disorder of the present-day. I leave your country, therefore, with an ever greater confidence in socialism and in the role of the party, the only entity which can bring justice and order to the chaotic world around us.

Allow me to express my deep thanks to my comrades for their heart-warming care for the Cuban delegation, and especially for your noble and kind attention accorded to me. I hope to meet you soon in Cuba so that we can express our sentiments and respect to you.

Advance, heroic Vietnam. Once again victory awaits you, comrades.

Sihanouk Receives Party Adviser Pham Van Dong

BK1812112095 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 15 Dec 95

[FBIS Translated Text] Cambodian King Norodom Sihanouk and his queen, now on an official friendship visit to Vietnam, cordially received in Hanoi today Mr. Pham Van Dong, adviser to the party Central Committee; and Senior General Vo Nguyen Giap.

In the morning, a delegation of the Vietnamese Students Association, led by its Chairman Ho Duc Viet, who is also chairman of the Vietnam Youth Union, paid a courtesy visit on King Norodom Sihanouk and his queen.

Also in the morning, King Sihanouk and his queen and other distinguished Cambodian guests laid wreaths at the War Dead Monument on Bac Son street in Hanoi, paid a floral tribute to President Ho Chi Minh at his mausoleum, and visited President Ho Chi Minh's residence and office.

Do Muoi Receives Cambodian King Sihanouk

BK1812131595 Hanoi Voice of Vietnam in English 1000 GMT 16 Dec 95

[FBIS Transcribed Text] Vietnam is determined to lift its relationship with the neighboring countries of Cambodia and Laos to a higher level for the sake of regional peace, stability, and development.

Speaking at the reception given to Cambodian King Sihanouk in Hanoi on Friday, Vietnamese Party Leader Do Muoi reaffirmed Vietnam's steadfast intention of making friends with all nations and stressed that special attention should be paid to consolidating relations with Laos and Cambodia.

Cambodian King Sihanouk also reiterated his aspirations and determination for fostering solidarity and friendship between the peoples of the three Indochinese countries.

Press Communique Issued on Sihanouk's Visit

BK1612153395 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 16 Dec 95

["Full text" of press communique on Cambodian King Norodom Sihanouk's visit to Vietnam issued in Hanoi on 16 December]

[FBIS Translated Text] Accepting the invitation of His Excellency SRV State President Le Duc Anh and his wife, Cambodian King Preah Bat Samdech Preah Norodom Sihanouk Varaman and Queen Norodom Monineat Sihanouk paid an official visit to the Republic of Vietnam from 14 to 16 December 1995.

His Excellency State President Le Duc Anh and his wife, leaders of the SRV National Assembly and the Government, and numerous Hanoi people participated in the official reception for Cambodian King Preah Bat Samdech Preah Norodom Sihanouk Varaman and Queen Norodom Monineat Sihanouk at the Presidential Palace. State President Le Duc Anh also held talks with Cambodian King Preah Bat Samdech Preah Norodom Sihanouk Varaman. On the same day, the SRV State President and his wife held a solemn state banquet for the Cambodian king and queen at the Presidential Palace.

During his stay in Vietnam, the Cambodian king held talks with His Excellency Do Muoi, general secretary of the Communist Party of Vietnam [CPV]. His Excellency Pham Van Dong, adviser to the CPV Central Committee paid a courtesy visit to the Cambodian king. His Excellency Deputy Prime Minister Phan Van Khai, His Excellency General Vo Nguyen Giap, representatives of the Vietnam-Cambodian Friendship Association, and representatives of the Federation of the Vietnamese Youths and Students Associations also paid courtesy visits to the Cambodian king at the Presidential Palace.

The Cambodian king and queen laid wreaths at the Hanoi War Memorial and visited the Ho Chi Minh Mausoleum and the living and working quarters of President Ho Chi Minh. The Cambodian delegation visited some cultural establishments in Hanoi.

The talks were held in the atmosphere permeated with friendship and mutual understanding. President Le Duc Anh heartily welcomed the Cambodian king — a great and respected friend of the Vietnamese people —, the queen, and the Cambodian distinguished guests on their official friendship visit to the Socialist Republic of Vietnam. He considered this as an important event and brilliant milestone to further glorify the tradition of neighborly friendship and the fine cooperation in many fields between the two countries.

President Le Duc Anh welcomed important achievements of the Cambodian people. He highly evaluated the Cambodian king's great role and reputation in the undertaking of peace, national conciliation, and restoration and construction of the Cambodian country.

President Le Duc Anh highly evaluated the Cambodian king and the Royal Cambodian Government's policy for incessantly strengthening and consolidating the traditional friendly relations and the multifaceted cooperation with Vietnam. He expressed his profound appreciation to the Cambodian king and people for their fine sentiments and precious support and assistance for the Vietnamese people in the latter's former fight for national independence and unification as well as in the current national construction.

The Cambodian king expressed deep happiness at his visit to Vietnam and the heroic Vietnamese people. He heartily welcomed the great achievements of the fraternal Vietnamese people in the national renovation and in the implementation of the foreign policy of independence, sovereignty, and open door. He sincerely wishes that the Vietnamese people would score greater achievements in all domains, thus actively contributing to peace, stability, cooperation, development, and prosperity in Southeast Asia.

The Cambodian king expressed his deep appreciation at the previous and present fine sentiments and precious support given to the Cambodian king and people by the Vietnamese Government and people.

The two government leaders were happy to realize that their neighborly friendly ties and good cooperation in many areas continue to make new and fine steps in development. It thus reaffirms the determination to strengthen and accelerate their friendly and multifaceted cooperation on the basis of respect for the mutual independence, sovereignty, and national integrity; not interfering with each other's internal affairs; not using force nor threatening to use force; not allowing any political and military forces to use their own country as bases against other country; and solving all bilateral problems through peaceful negotiations, cooperation, equality, mutual benefits, and peaceful existence for the benefit of the peoples in the two countries and for peace, stability, cooperation, development, and prosperity in Southeast Asia.

The two national leaders happily acknowledged positive changes in the Southeast Asian region and the Asia Pacific region recently and confirm their wishes to continue accelerating and broadening their friendship and equal cooperation with all nations in the region for the interest of peace, stability, and prosperity in Southeast Asia and the world.

The two leaders expressed their satisfaction at the fine results of the official friendship visit to Vietnam by King Preah Bat Samdech Preah Norodom Sihanouk Varaman and the Cambodian queen after the official friendship visit to the Kingdom of Cambodia in August 1995 by President Le Duc Anh and his wife. This visit is a new dynamic aimed at further strengthening and developing the friendly ties and the fine neighborly cooperation between the two countries.

The Cambodian king and queen sincerely thanked the warm hospitality of the Cambodian king, queen, and the Cambodian entourage during their visit in Vietnam by President Le Duc Anh, his wife, and the Vietnamese people. President Le Duc Anh invited the Cambodian king and queen to revisit Vietnam to meet friends and tour localities that they have not been able to visit this time. The Cambodian king and queen happily accepted the invitation. The concrete timing for the visit will be arranged through diplomatic channels.

Hanoi 16 December 1995.

Sihanouk Departs

BK1612113895 Hanoi VNA in English
0657 GMT 16 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 16. — Cambodian King Sihanouk and Queen Monineat and their entourage left Hanoi this morning, ending a three-day official visit, the first by the royal couple since Cambodia declared a royal kingdom state again according to the new constitution adopted in 1993 after the UN-sponsored general election.

The Cambodian king and queen were seen off by President Le Duc Anh and his wife, Deputy Prime Minister Phan Van Khai, Vice Chairman of the National Assembly Phung Van Tuu, Foreign Minister Nguyen Manh Cam and other Vietnamese senior government officials.

In his speech before his departure, Norodom Sihanouk said that Vietnam's successes in the renovation process for national development 'will be an example and a great source of encouragement to the Cambodian people to overcome all difficulties and step forward hand in hand with the Vietnamese people'.

'My talks with Vietnamese leaders in an atmosphere of fraternal friendship have brought about encouraging results to both sides, making positive contributions to the strengthening of the relations of solidarity and cooperation between Vietnam and Cambodia in all areas,' Sihanouk stressed.

CPV Welcomes French Communist Party Delegation

BK1812161295 Hanoi VNA in English
1517 GMT 18 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 18 — A delegation of the French Communist Party (FCP) led by Mr. Andre la Joinie, politburo member and secretary of the FCP Central Committee [FCP CC], has been here for an official visit to Vietnam as guest of the Communist Party of Vietnam (CPV).

The FCP delegation this afternoon held talks with a delegation of the Communist Party of Vietnam led by Nguyen Ha Phan, politburo member and secretary of the CPV Central Committee.

Among those present at the talks, on the FCP side were Claude Pondemer, member of the FCP CC and, on the Vietnamese side were Hong Ha, secretary and head of CPV's Commission for External Relations .

At the talks, Mr. A. Joinie expressed his thanks to the CPV Central Committee for its invitation and hospitality. He informed the host his country's current situation, the FCP's policy and activities which aim to protect the working people's interests, and for social progress. He spoke highly of the CPV's policy and clear-sighted leadership, as well as Vietnam's great and important achievements in its renovation process.

He also affirmed the FCP's continued support to and solidarity with the party and people of Vietnam in their national construction and defence.

On behalf of the CPV CC, Mr. Hong Ha warmly congratulated the French guests on the FCP's 75th founding anniversary, stressing that President Ho Chi Minh was one of the founders. He spoke of the Vietnamese party and state's policy, the renovation process and the preparations for the party's 8th congress, orientation and tasks of the Vietnamese people and land and the 1996-2000 period. He expressed his hope that the close friendly and cooperative ties between the two parties would further promote the relationship between the two states.

Technology, Environment Talks Held With Germany

BK1612113595 Hanoi VNA in English
0632 GMT 16 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec.16 — Vietnamese and German officials have discussed bilateral cooperation in technology and environment and related issues.

The discussions were conducted here yesterday by a visiting delegation of the Budget Commission of the Bundestag (National Assembly) of the Federal Republic of Germany and officials from Vietnam's ministry of science, technology and environment.

Mr. Hans George Wager together with other MP's from the Green Party, the German Social Democratic Party, the Christian Social Union, and officials from German Ministries of Agriculture and Transport and the Budget Commission of the Bundestag brought out prospects for bilateral cooperation in several fields relating the technology and environment.

Talking with the German officials, Prof. Chu Tuan Nha, vice minister of the Ministry of Science, Technology and Environment, highly valued Germany's cooperation and assistance in science, technology, training and environment over the past years.

Deputy Prime Minister Receives Indian Official

BK1812161995 Hanoi VNA in English
1525 GMT 18 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 18 — Deputy Prime Minister Tran Duc Luong received here this afternoon Mr. K.Tagunand, Indian deputy minister of external affairs, who is here to attend the Vietnam-India Joint Working Group's second session.

The Indian diplomat conveyed Indian leaders' best regards to the Vietnamese leaders and noted his current Vietnam visit aims to discuss positive measures to promote the Vietnam-India economic cooperation which will make contributions to the strengthening of the friendship between the two nations.

Deputy PM Luong stressed that the government and people of Vietnam have always attached importance to their friendship with India and have always been grateful to the government and people of India for their support and precious assistance to Vietnam's struggle for national independence and construction, and wished the working group fine success.

National Assembly Delegation Leaves for Japan

BK1112064695 Hanoi VNA in English
0551 GMT 11 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec.10 — A delegation of the Vietnamese National Assembly [NA] led by Chairman Nong Duc Manh left here today for an official friendship visit to Japan as guest of Speaker of the House of Representatives Ms. Takako Doi.

The delegation includes Mr. Vu Mao, member of the NA Standing Committee and head of the NA Office; Ms Tran Thi Tam Dan, member of the NA standing committee and head of the Commission for Culture, Education Youth, Youngsters and Children; Ms Nguyen Thi Ngoc Phuong, deputy head of the NA Commission for External Relations; and others.

National Assembly Head's Japan Visit Previewed

BK1212053895 Hanoi Voice of Vietnam in English
1000 GMT 11 Dec 95

[FBIS Transcribed Text] Vietnamese National Assembly Chairman Nong Duc Manh is to visit Japan at the invitation of Mrs. Takako Doi, speaker of the Japanese lower house. [Word indistinct] almost all senior leaders of both sides have exchanged their visits with a view to study and promote bilateral relations between Japan and Vietnam in all fields.

The visit to Japan by Chairman Nong Duc Manh is conducted after the successful visit to Japan by party leader Do Muoi in mid-April this year. During the visit by Vietnamese party leader, Japanese Prime Minister Murayama affirmed that Japan was ready to cooperate with Vietnam to help the latter develop its economy with Japan's experience. Today Japan is one of the biggest ODA [Official Development Aid] donors to Vietnam and is the biggest investor in Vietnam. Relations between the two countries are being broadened in the fields of culture, science and technology, education, and society. Recently, Japan and Vietnam exchanged a group of 100 young people to visit each other and to learn from each other.

During the Japan visit, Chairman Nong Duc Manh will have talks with a delegation of the Japanese Diet to discuss the strengthening of relations between the two legislative bodies and the promotion of bilateral relations in many fields. It is planned that Chairman Nong Duc Manh will pay a courtesy visit to the Japanese emperor and meet with the Japanese prime minister, and visit some cities and cultural and economic enterprises in Japan.

National Assembly Delegation Visits Laos

BK1612110495 Hanoi VNA in English
0640 GMT 16 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 16 — A delegation of the National Assembly's [NA] Economy and Budget Commission led by Ly Tai Luan, member of the NA Standing Committee and head of the commission, paid a working visit to Laos from Dec.7-14.

While there, the Vietnamese delegation held talks with a delegation of the Economy-Planning and Finance Commission of the Lao Supreme People's Assembly (LSPA) headed by Somphavane Inthavong, member of the LSPA Standing Committee. The two sides informed each other of the socio-economic development in each country, shared experience on inspecting work of the implementation of economic development and state budget and settlement of people's claims, and on consideration and approval of socio-economic and state budget plans for the coming years.

The delegation was warmly received by Lao Deputy Prime Minister Khamphoui Keoboualapha.

It paid a courtesy visit to Saman Vi-gnaket, Politburo member of the Lao People's Revolutionary Party and chairman of the LSPA who hailed the Vietnamese delegation's visit as a contribution to the promotion of the special friendship, solidarity and all-sided cooperation between the two legislatures and peoples. He expressed his wish for further enhancement and effectiveness of the cooperation between the two national assemblies in general and the two commissions in particular.

The LSPA chairman asked them Vietnamese delegation to convey his best regards to Vietnamese NA Chairman Nong Duc Manh and other party and state leaders.

Foreign Investment Detailed; Taiwan Leads

BK1212012995 Hanoi Voice of Vietnam in English
1000 GMT 8 Dec 95

[FBIS Transcribed Text] Six billion [currency not specified] worth of investments have been pledged to develop projects throughout Vietnam this year. Overall, more than 1,400 investment licenses have been granted to projects valued at over $17.6 billion. Ho Chi Minh City, the country's leading center for investment, has claimed 40 percent share of the total. Of the 54 countries which have pledged to invest, Taiwan has led the way with $3 billion, followed by Hong Kong, Japan, Singapore, Korea, Australia, France, the United Kingdom, and the United States.

Joint Finance Subcommittee Formed With Thailand

BK1412142695 Hanoi VNA in English
1227 GMT 14 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 14 — Vietnam and Thailand signed agreements yesterday in Bangkok, on the establishment of an Inter-Ministerial Joint Sub-Commission for Finance between the two countries, and additional loans valued at 100 million baht.

The agreements were signed between Minister of Finance Ho Te who is attending the eighth conference of the ASEAN Free Trade Area (AFTA) and the Fifth ASEAN Summit held in Bangkok, and his Thai counterpart Mr. Surakiat Sathianthai.

The Inter-Ministerial Joint Sub-Commission for Finance is placed under the two governments' Joint Commissions for Economic Cooperation. This is aimed at further developing bilateral cooperation and mutual assistance between the two countries in the fields of finance and banking.

The agreement on additional loans valued at 100 million baht is in furtherance of the framework agreement regarding long-term credits worth 150 million baht inked earlier between the two Foreign Ministries.

Do Muoi Urges Telecommunications Investment

BK1312115995 Hanoi VNA in English
0658 GMT 13 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 13—Party General Secretary Do Muoi has called upon world telecommunication groups to boost investment in manufacturing telecommunication, information and electronic equipment and accessories in Vietnam as Vietnam is now in the process of industrialising and modernising the country in general and telecommunications network in particular.

Do Muoi was speaking while visiting the Vietnam Telecomp '95-Broadcasting' 95 exhibition yesterday at the Giang Vo Exhibition Centre in Hanoi. The Vietnamese leader also urged the Directorate General of Post and Telecommunication (DGPT) to work together with other relevant organizations to acquire the latest know-how and advanced technology the telecommunication, electronics, information technology, radio and TV broadcasting areas with aims of accelerating national industrialisation and modernisation.

"The DGPT must modernise the national post and telecommunication system in close connection with national security preservation through information and communication," he said.

The exhibition Telecomp '95-Broadcasting '95 that took place from Dec. 8-12 was the fourth of its kind in Vietnam. Telecomp '95 was described as a major event in the telecommunication sector in the Asia-Pacific region. It drew more than 200 corporations and companies from over 20 countries, including many influential international corporations.

Ministry Amends Import Duties on Certain Items

BK1412142595 Hanoi VNA in English
1217 GMT 14 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 14 — The Vietnamese Ministry of Finance issued a decision on Dec. 9 codenamed 1233/TC/TCT/QD on amendment of import duties on some item groups.

Items subject to the amended import duties are (?alcohol and) materials for alcohol processing, cigarettes, fireworks, flares, petroleum, automobiles and engine-driven vehicles. These import items are also liable to special sale tax such as domestically-manufactured items of the same categories.

The decision will take effect from Jan. 1, 1996.

Export-Import Value Increases Over Yearly Plan

BK1812020595 Hanoi VNA in English
1219 GMT 17 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 17 — Vietnam has to date grossed an import-export turnover of $11.3 billion with exports accounting for $4.8 billion and imports for $6.5 billion, increasing by 6.6 percent and 18 percent respectively, compared to the yearly plan, according to the Ministry of Trade.

Among the exports, $1.75 billion were earned from agro-forestry products, $600 million from aquatic products, $1 billion from light industrial and handicraft goods, and $1.4 billion from heavy industrial and mineral goods.

Main export items such as crude oil, rice, aquatic products, coffee, rubber, tea and garments, have found initial footholds in the world and regional markets. In addition, consumer goods accounted for 15 percent of the total import value and 20 percent of the export value. Vietnam imported equipment for projects, material and consumer goods totalling $6.5 billion, with main import items including oil and gas (5.15 million tonnes), urea (1.3 million tonnes), steel (600,000 tonnes), cement and clinker (2.2 million tonnes), cotton (25,000 tonnes), and sugar (200,000 tonnes).

At present, Vietnam's commercial relations have been expanded to 100 countries, territories and international organisations.

Mekong Basin Holds Energy Cooperation Meeting

BK1812161095 Hanoi VNA in English
1259 GMT 18 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 17 — The Second Mekong Sub-Regional Conference on Energy Cooperation has been held in Vientiane with the participation of delegates from Vietnam, Laos, Cambodia, Thailand, Myanmar [Burma], and China's Yunnan province.

The Vietnamese delegation was headed by Mr. Ngo Quoc Cuong, director of the Institute of Energy under the Ministry of Industry.

During the two-day conference, the participants continued discussing cooperative measures to further develop energy services among Mekong sub-regional countries including a research programme on Laos' system of hydro-electric potential rivers and lakes such as Namtheune, Sekong and Sesane, and a transmission network among sub- regional countries.

Vietnam will help Laos carry out two projects researching the basins of the Namtheune, Sekong and Sesane Rivers, with Vietnam to eventually build transmission lines and Laos to build hydro-electric power plants in these regions.

'Stricter Control' of Cultural Activities Issued

BK1412143495 Hanoi VNA in English
1239 GMT 14 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 14 — Stricter control over cultural activities and services and fighting against social evils are the main contents of a recent decree of the government.

The prime minister's Instruction No. 814 and the government's Decision No. 87/CP dealing with the work were made public at a press briefing held here yesterday by the Government Office.

Deputy Prime Minister Nguyen Khanh chaired the meeting which was also attended by Tran Hoan, minister of culture and information Tran Dinh Hoan, minister of labour, invalids, and social affairs and Pham Quang

Nghi, deputy head of the party Central Committee's Ideology- Culture Commission.

Deputy Prime Minister Khanh explained the objectives, requirements and tasks to restore public order and discipline in cultural activities, and to fight against social evils. He attached importance to educating people and urged drastic measures to be taken to minimise violation of public order, thus helping preserve and develop the fine habits and customs of the nation.

The deputy prime minister also stressed some areas requiring a concerted effort to drive away harmful cultural products and social evils such as prostitution, drug abuse, and gambling.

Culture Minister Tran Hoan and Social Affairs Minister Tran Dinh Hoan drew the attention of participants to the regulations on film, video, tapes, compact disc and publications, sales and rent, the running of public cultural activities and services, and advertisements. The regulations on urgent measures to abolish social evils were also elaborated on this occasion.

As schedule, relevant central agencies and provincial and municipal People's Committees are required to make a preparatory step in the remainder of this year for the implementation of the government's decision in the year to come.

Ho Chi Minh Worshippers Religious Sect Banned

BK1412035695 Hong Kong AFP in English
0245 GMT 14 Dec 95

[FBIS Transcribed Text] HANOI Dec 14 (AFP) — Vietnam has banned a religious cult that worshiped the late president Ho Chi Minh as the 18th king in a dynasty of rulers said to have founded Vietnam, a report said Thursday.

The State Commission for Religious Affairs has ordered disbanded the Doan Phu Tho 18 sect in the northern province of Vinh Phu which had previously requested recognition as a religion from the state, the official Vietnam News said.

The group, which had 230 followers, is based in temples in Vinh Phu province dedicated to the Hung kings, semi-legendary rulers said to have founded Vietnamese civilisation around 2000 BC.

It believed the founder of the Vietnamese republic Ho Chi Minh was the 18th Hung king and held rituals impersonating him and his parents as well as members of the dynasty, the report said.

No reason was given for disbanding the sect, one of a number of cults that have flourished in Vietnam but are little tolerated by the government, which maintains a tight grip on all religious affairs.

Those who joined the sect would be blessed with prosperity and luck in business, according to its leaders, who the newspaper said claimed to receive "celestial waves" from deceased Vietnamese leaders.

Members met for special rituals in three temples on the 18th of each month to make offerings of fruits and flowers. The worship of former leaders is common in Vietnam and there are numerous temples dedicated to former kings or rebel leaders.

Vietnamese leaders still have an ambivalent view of the country's many religious groups, some of which helped the communist side during the war. After 1975 religions were brought under strict state control through the Communist Party's Fatherland Front.

In recent years there has been a relaxation of some restrictions on religion but the hierachies of the Buddhist av Catholic churches are under the supervision of the government.

Son La Province Admits 'Nearly' 1,900 Members

BK1212133095 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 11 Dec 95

[FBIS Translated Text] Son La Province has admitted nearly 1,900 new party members this year, an increase of 700 members over last year. Of this year's total, female members account for nearly 20 percent and ethnic members account for 73 percent. Most of new members have a higher education than members admitted in previous years. Party organizations in Moc Chau, Yen Chau, Mai Son, and Quynh Nhai Districts have admitted more members than in previous years. At present, party organizations in Son La are providing training to would-be party members to prepare them for admission on the party's anniversary on 3 February 1996.

Supreme Court Rejects Appeal by 'Dissident'

BK1812161495 Hanoi VNA in English
1517 GMT 18 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 18 — The appeals court under the Supreme People's Court in Hanoi today rejected the appeal made by Tran Ngoc Nghiem (alias Hoang Minh Chinh, Le Hong) who was sentenced to a 12-month jail term in the first instance trial held by the Hanoi People's Court on Nov. 8.

He was put in prison on charges of acting against the interests of the state and abusing democratic and freedom rights.

Another dissident, Do Trung Hieu, who was sentenced to 15 months in prison for the same charges, did not lodge appeal.

Tran Ngoc Nghiem, residing in Hanoi, was accused of having circulated documents with fabricated contents sent by Do Trung Hieu, and of harming national security through the abuse of the right of free speech to distort the truth.

The verdict, based on Article 205a of the Penal Code of Vietnam, was the last verdict.

Funeral Service of 'Veteran Revolutionary' Held

BK0812160495 Hanoi VNA in English
1311 GMT 8 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 8—A memorial service for Mr. Ha Huy Giap—a veteran revolutionary and cultural activist—who passed away in Ho Chi Minh City on December 3, was solemnly held at the headquarters of the Ministry of Culture and Information in Hanoi yesterday.

Mr Ha Huy Giap was born in Ha Tinh Province on April 4,1908. He was made an alternate member of the Central Committee of the Communist Party of Vietnam (CPV) at its second congress and a full member at the third congress. He held the posts of deputy minister of education, deputy minister of culture, deputy head of the study commission for party history and director of the Ho Chi Minh Museum.

He was awarded the Ho Chi Minh Order, the Anti-French Resistance Order, First Class the Anti-US Resistance Order, First Class, and other distinctions for his contribution to Vietnam's ideological, cultural and educational development.

The memorial service was attended by Party General Secretary Do Muoi, Prime Minister Vo Van Kiet, National Assembly Chairman Nong Duc Manh and other senior officials of the party and government. State President Le Duc Anh sent a wreath to the function.

The memorial service and funeral for the deceased were also held in HCMC [Ho Chi Minh City] on December 5, 6, and 7.

The deceased was cremated in Ho Chi Minh City.

Australia

U.S. Suggestion on APEC Security Role Rejected

BK1712150795 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 23 Nov 95 p 11

[By Geoffrey Barker]

[FBIS Transcribed Text] The Minister for Defence, Senator Ray, yesterday rejected U.S. suggestions that APEC [Asia Pacific Economic Cooperation forum] might assume a regional security role and help to resolve strategic conflicts among Asia-Pacific powers.

Sen. Ray told the National Press Club that he did not agree with the U.S. defence secretary, Mr. William Perry, who floated the possible security role for APEC during a visit to Japan ahead of the recent Osaka APEC leader's summit.

Sen. Ray said he regarded the embryonic ASEAN Regional Forum [AFR] as the appropriate mechanism for the discussion of regional security issues.

Sen. Ray's brusque rejection of a security role for APEC appears to put him at odds with the prime minister, Mr. Keating, who has expressed cautious public approval of the idea.

Asked about the issue in Osaka, Mr. Keating told a press conference that personal contacts between APEC leaders produced movement on strategic issues as they got to know each other.

Mr. Keating told Parliament yesterday the recent APEC Osaka summit was "an outstanding success." It had provided a framework which would ensure Australia's continuing and deeper integration into dynamic region "with all the economic, political and strategic benefits which follow from that."

Envoy to UN 'Astonished' by CCND Support

BK1812120395 Melbourne Radio Australia in English 0500 GMT 18 Dec 95

[FBIS Transcribed Text] The convener of the Canberra Commission on Nuclear Disarmament [CCND] says he is astonished by the level of international support for the new organization. The Commission comprising members such as the former United States defense secretary, Robert McNamara, was set up by the prime minister, Paul Keating, last month. The organization intends to produce a report for the United Nations General Assembly on ways of ridding the world of nuclear weapons. Commission Convener and Australian UN Representative Richard Butler says there has been an extraordinarily positive reaction to the move.

[Begin Butler recording] It is an enormous task but it is do- able. It is a big job, there is no question; but I go back to what I said at the beginning — it is just astonishing how many people out there in this world are on the case and they really want to do it, and they want to help us to it. [end recording]

Keating Stresses Asian Economic, Political Ties

BK1712113595 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 5 Dec 95 p 6

[Report by David Shires]

[FBIS Transcribed Text] The prime minister, Mr. Keating, last night reiterated his belief that Australia would not succeed elsewhere if it did not get its economic and political relationship with Asia right.

"This does not mean that we could not keep other bilateral trade links open," he told the Israel Chamber of Commerce in Sydney. "Nor is it to deny that some of them might prosper.

"But over the long run, this fact seems undeniable to me: the degree of Australia's integration into the region around us and the experience our business people gain in matching it with the most dynamic economies in the world, will determine, more than anything else, how relevant we are to other global markets, and how successful and competitive we are in them."

Demonstrating full engagement in the Asia-Pacific was needed to maximise opportunities elsewhere, he said. That was what APEC [Asia Pacific Economic Cooperation] forum was all about.

"If the Bogor commitments are fully implemented, by 2020 APEC will account for more than three-quarters of global production and three-quarters of the world's trade," he said.

"The effort we have put into setting up APEC and elevating its decision-making to the level of leaders has been directed to these very important aims — to getting Australia a seat at the world's largest free-trade table, and, by keeping the region's development and growth going, better ensuring its security as well."

Mr. Keating also cited the development of links between the Australia-New Zealand Closer Economic Relations alliance and the ASEAN Free Trade Area as complementing the APEC process.

"Anyone who suggests to you that we should be wary about overemphasising economic links with the Asia-Pacific does not understand, in my view, just what the causes of global success for Australian traders will be in the decades ahead," he said.

Keating Comments on Treaty With Indonesia

BK1912100895 Melbourne Radio Australia in English GMT 19 Dec 95

[From the "International Report" program]

[FBIS Transcribed Text] Today Australia has in place a new security agreement with Indonesia, and one which Canberra says it's now the region's key security treaty.

After the signing of the agreement in Jakarta yesterday, Australian Prime Minister Keating claimed the document fits for security environment for the region well into the next century. While the Australian prime minister was praising the Indonesian leadership and government for the treaty, he fought strong on the Australian opposition and its Foreign Affairs Spokesman Alexander Downer for their reaction to the regional agreement. Graeme Dobell reports from Jakarta:

[Begin recording] [Indonesian Foreign Minister Ali Alatas] The signing of the agreement on maintaining security between the Republic of Indonesia and Australia by the minister of foreign affairs of the Republic of Indonesia and the minister of foreign affairs of Australia, was witnessed by His Excellency President Suharto and Honorable Prime Minister Paul J. Keating.

[Dobell] For Paul Keating, the treaty is a declaration of trust between Indonesia and Australia.

[Keating] Well, this agreement we've signed today, I think, will help set the environment for the region well into the next century.

[Dobell] The two-page treaty runs to only a few hundred words but the prime minister sees it as putting cement between the bricks over the relationship and giving a green light to much greater defense cooperation.

[Keating] The relationship had its problems but the fundamentals remain the same and important and, that is, that much of Australia's future is bound up with the future of Indonesia and vice versa.

[Dobell] The treaty says the two governments desire to strengthen their existing friendship, recognize their common interests in peace and stability in the region while affirming that nothing in the agreement affects existing international commitments.

[Keating] This has set up a whole frame of reference we never had before [word indistinct], and I think now by recognizing that each has a strategic interests in the other; that is, that Australia has a strategic interest in the region and in the fortunes of this archipelago and Indonesia has a straight interest in us, in Australia, in our continent; that means that we are acknowledging the force of our geography and our shared history and the fact that we now living in one of the most peaceful parts of the world and we have extremely [word indistinct] to keep it that way.

[Dobell] The key clause in the treaty — Article 2 — calls on Indonesia and Australia to consult on possible joint action to deal with adverse challenges. Mr. Keating said the phrase "adverse challenges" had been used instead of external challenges because of Indonesia's sensitivities. In an apparent reference — the Chinese perception — Mr. Keating said Indonesia did not want to be seen to be nominating possible threats.

[Keating] And I think language like external threats is language which conjurs up more than Indonesia wishes to state. I don't think it wants to say it is threatened or to even think to identify threats. So the expression "adverse challenges" fits nicely with the general conception of the agreement but doesn't jar with the agreement requiring of them some nomination of the threat.

[Dobell] But some geopolitics stick, with a short step to domestic politics and the declaration of war on the opposition spokesman on foreign affairs, Alexander Downer. [sentence as heard] Mr. Downer had said that in a private conversation, Foreign Minister Gareth Evans agreed with the opposition view that external challenges would have been a better phrase because it would clearly rule out internal involvement. Not so, said Mr. Keating.

[Keating] We would say he is going verbal here by Mr. Downer, who the day before, I might remind you, said that relations with Indonesia were at their worst in 13 years. This is the same Mr. Downer who has been reported as saying he may give way to sell the hill on the foreign affairs portfolio were they to win an election. He gave way on the leash of the Liberal Party, he is now giving way on the shadow portfolio of a foreign policy. To do the nation a real service, he would give away on his constituency and that someone serious take it up. It is not from our party, theirs. So I don't really think that given his standing, light record for the veracity he claims, that he is worthy of more time than I have given you an answer. [end recording]

No Trade Impact Seen From Indonesian Treaty

BK1912062795 Melbourne Radio Australia in English 0500 GMT 19 Dec 95

[FBIS Transcribed Text] Australia's trade minister, Bob Mcmullan, says the country's new security treaty with Indonesia will do no harm to trade opportunities in the region. Senator McMullan was speaking in Sydney after addressing the Evett Foundation Organization on Australia's future in the Asia-Pacific economic grouping APEC [Asia-Pacific Economic Cooperation].

He says while trade and security are quite distinct issues, building closer ties with Indonesia can only help trade between the two countries:

[Begin McMullan recording] I don't think it will have direct impact, but it reinforces and strengthens the friendship we have with our nearest neighbor — and which we need to have with our nearest neighbor — and that can do our trade chances no harm. But it isn't designed for and doesn't directly have implications for our trade. [end recording]

Death Inquiry in E. Timor Risks Strain in Ties

BK1712114595 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 30 Nov 95 p 3

[FBIS Transcribed Text] The foreign affairs minister, Senator Evans, has risked new strains in Australian-Indonesian relations by announcing a limited independent inquiry into the deaths of five Australian journalists in East Timor 20 years ago, in a pre-election bid to boost support for government foreign policy.

Sen. Evans's decision to appoint the retiring National Crime Authority chairman, Mr. Tom Sherman, to evaluate alleged new evidence about the deaths was taken without reference to the Department of Foreign Affairs and Trade, which distanced itself from the move last night.

The inquiry is part of a pre-election campaign by the government to project "popular" foreign policy.

Last Sunday the prime minister, Mr. Keating, announced the so- called Canberra Commission of international statesmen to campaign against nuclear weapons. On Tuesday Sen. Evans's office confirmed he would not make a controversial visit to the military regime in Burma.

For Senator Evans the East Timor inquiry might also have been driven by the fact that one of his opponents in the outer Melbourne electorate of Holt will be Democrat Mr. Jim Aubrey, a long-time East Timor activist. Although Holt is a safe Labor seat, it has a small East Timorese community and Sen. Evans is campaigning hard to maintain the winning margin of the retiring member, Mr. Michael Duffy.

Indonesian authorities, who insist the journalists died accidentally in cross-fire during the invasion of East Timor [in 1975], said in Jakarta last night that Sen. Evans's inquiry was not welcomed.

East Timorese living in Australia and Portugal claim to have new evidence that journalists Gary Cunningham, Brian Peters, Malcolm Rennie, Greg Shackleton, Tony Stewart and Roger East were in fact murdered by the invading Indonesian forces.

The Sherman inquiry is supported by the shadow foreign affairs minister, Mr. Alexander Downer, who said it was incumbent on the government to ensure there was a full and independent investigation of the new evidence and by Democrat Senator Vicki Bourne, a long- time campaigner for a full judicial inquiry.

But Mrs. Shirley Shackleton the widow of one of the journalists said she feared the inquiry would become part of the continuing cover-up over the deaths.

Announcing the decision, Senator Evans anticipated claims that he had abandoned his earlier resistance to an inquiry.

Sen. Evans said East Timorese inside and outside of Australia claimed to have new evidence about the deaths, and the government had said it would follow up the claims if they were compelling and credible.

Sen. Evans said Mr. Sherman would start his inquiry in February and report to the government no later than the end of May. He would gather any new evidence and the government would decide whether further action was required.

A spokesman for the Department of Foreign Affairs referred all questions about Mr. Sherman's inquiry to Sen. Evans' office. The Department reportedly knew little about the initiative.

Minister Evans Abandons Plan To Visit Burma

BK1712115495 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 29 Nov 95 p 11

[By Geoffrey Barker]

[FBIS Transcribed Text] The minister for foreign affairs, Senator Evans, has abandoned plans to visit Burma next month after members of the ruling military junta indicated that they would not be available to meet him. A spokeswoman for Sen. Evans said last night that members of Burma's so-called State Law and Order Restoration Council [SLORC] has said they would be attending an ASEAN [Association of Southeast Asian Nations] summit in Bangkok when Sen. Evans planned to visit.

"The visit was never set in concrete," she said, denying that the SLORC had refused Sen. Evans permission to visit Burma following last month's highly critical report on the country by the Joint Parliamentary Committee on Foreign Affairs, Defense, and Trade. It is, however, widely believed in government circles that the SLORC deliberately sought to snub Sen. Evans, who was prominent in international moves to win the release of jailed Burmese political leader Aung San Suu Kyi. Sen. Evans also pushed hard at last year's ASEAN Ministerial Conference for the adoption of benchmarks to govern Burma's reentry to international forums. They included the release of Aung San Suu Kyi.

Government sources assume that the SLORC was angered by last month's damning parliamentary report which detailed what it called the SLORC's continuing "gross human rights abuses" including extrajudicial, summary and arbitrary executions, forced labour, trafficking in women for Thai brothels and drug trading.

Knowing that Senator Evans, committed to keeping international pressure on the SLORC, was bound to raise these issues on his visit, the SLORC took refuge in the ASEAN summit.

Austrade, ANZ Bank To Expand Services Abroad

BK1712113995 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 1 Dec 95 p 39

[FBIS Transcribed Text] ANZ [Australia and New Zealand] Banking Group has struck a deal with Austrade which will simultaneously expand the international network for Federal Government-funded export services while giving the bank a competitive edge among exporters.

The managing director of Austrade, Mr. Ralph Evans, and the ANZ's executive director international, Mr. Alister Maitland, signed a memorandum of understanding in Sydney yesterday.

Both men stressed the arrangement was not exclusive and Mr. Evans said it was open to other financial institutions to structure similar agreements with Austrade.

But they refused to release copies of the memorandum, saying that months of work had gone into the agreement which Mr. Maitland likened to a new product that carried a competitive advantage.

As part of the deal the organisations will work together in Australia to develop a system of cross-referrals for clients, project support and financial packaging, staff training and exchanges, sponsorships and joint publications.

ANZ will organise representation for Austrade in areas where it is not represented and help Austrade to develop a system for cross-referrals for information and advice to their clients.

ANZ will also consider developing joint offices with Austrade in "appropriate centres" and will offer its expertise in project financing to develop offshore project business.

Austrade already operates from ANZ offices in Calcutta, Madras and Bangalore. Other locations where ANZ will be able to provide limited assistance include Oman, Bahrain, Jersey, Guernsey, Switzerland, Vanuatu, Western Samoa and Hebron on the West Bank.

Mr. Maitland said that in some of the high-growth economies of Asia import and export growth was running at two to three times economic growth, which should work in favour of exporting countries like Australia.

Mr. Evans said the collaborative agreement with the ANZ would allow Austrade to provide the sort of support to Australian companies that had been commonplace among foreign countries.

"If the bank [ANZ], for instance, was involved in an international project, they could say to our people that there is likely to be some business for Australian companies in places where it is entrenched, such as Vietnam," Mr. Evans said.

He said the agreement would benefit all Austrade's exporter clients and did not stop either party from entering similar agreements with other organisations in Australia or overseas.

Communique on Bougainville Peace Talks Issued

BK1912060495 Melbourne Radio Australia in English 0500 GMT 19 Dec 95

[FBIS Transcribed Text] Leaders of various factions from the Papua New Guinea island of Bougainville have agreed on a plan to end the seven-year secessionist war. A joint communique issued at the end of peace talks in the northeastern Australian city of Cairns outlines a commitment by all parties to continue dialogue to achieve a political settlement. The communique was signed by leaders of the secessionist Bougainville Revolutionary Army and other leaders from Bougainville who do not seek independence. (?At first, they intend) to convene a new round of talks in Bougainville as early as March next year. The parties agreed to hold a series of preparatory meetings ahead of those talks, which will include discussions on the future political status of the island. The communique also urged immediate access to Bougainville for donor organizations for the implementation of health care program. It also accords for the continued involvement of the United Nations and the Commonwealth Secretariat in the dialogue process.

Sino-Vietnamese Boat People Deported

LD1912104395 Melbourne Radio Australia in English 0900 GMT 19 Dec 95

[FBIS Transcribed Text] Australia has deported another batch of Sino-Vietnamese boat people to China. The 47 boat people left Port Hedland, in northwest Australia, on a chartered plane bound for Nanning in China's southern Guangxi Province. Their departure brought to just under 620 the number of Sino-Vietnamese sent back to China under an agreement reached between Canberra and Beijing nearly a year ago. Another 210 people in the Port Hedland immigration detention centre are affected by the agreement, negotiated after an influx of boat people. Thousands of Sino-Vietnamese went to China to escape persecution after the communist takeover in Vietnam in 1975.

Fiji

Station No Longer Relays International Services

BK1512065095 Melbourne Radio Australia in English 0500 GMT 15 Dec 95

[FBIS Transcribed Text] In Fiji, the state-owned broadcaster, Radio Fiji, has announced that it will no longer relay news bulletin from other international radio services. Radio Fiji's news editor, Francis Herman, says the decision was taken as part of a restructure of the station. According to Mr. Herman, the station wants to put greater emphasis on local news.

Since it was set up in 1954, Radio Fiji regularly relayed news broadcast from the British Broadcasting Corporation and Radio Australia, and later from the Voice of America and Radio New Zealand International. As part of the current restructure, two local radio stations which were closed down earlier this year as a cost-cutting measure are being reopened.

New Zealand

Minister Praises ASEAN Nuclear Treaty

BK1912045695 Bangkok THE NATION in English 19 Dec 95 p A6

[Unattributed report]

[FBIS Transcribed Text] New Zealand has lauded the Association of Southeast Asian Nations for its recent success in signing a treaty that declared the region free of nuclear weapons.

Foreign and Trade Minister Don McKinnon said in Wellington on Friday that he was delighted that another zone was being established in the region which further enhanced world peace and security.

New Zealand and Australia become the first two non-regional states to welcome the treaty. Both are opposed to testing of nuclear weapons and during the ASEAN Ministerial Meeting in Brunei earlier this year, where their ministers attended as dialogue partners, they supported the ASEAN in condemning nuclear testing by France and China.

According to a statement received yesterday from the New Zealand Ministry of Foreign Affairs and Trade, McKinnon praised ASEAN's success in getting all 10 countries in the region — ASEAN plus Laos, Cambodia and Burma — to sign the Southeast Asia Nuclear Weapon Free Zone (SEANWFZ) treaty on Friday, the last day of the two-day fifth ASEAN Summit.

"This new zone, with the recently concluded African zone, the longstanding South Pacific Nuclear Free Zone and the Latin American zones, effectively makes the southern hemisphere one big nuclear weapon free zone," he said.

He added that despite the French and Chinese testing setbacks this year, there was a powerful build-up in the momentum towards nuclear disarmament.

"It started with the successful extension of the Nuclear Non- Proliferation Treaty in May, then in the last few months we have seen the US, UK and France agree to sign the protocols to the Treaty of Rarotonga and an emerging consensus on a zero threshold for a Comprehensive Test Ban Treaty which was expected to be concluded next year," he said.

McKinnon said there were encouraging signs that the US and Russia would adhere to their commitments under the Strategic Arms Reduction Talks (START II) to heavily reduce their nuclear stock piles, a significant step towards completely ridding the world of nuclear weapons.

He expressed hope the US, Russia, China, UK and France would sign the attached protocol to SEANWFZ.

ASEAN's success in finalizing the draft treaty and getting it signed by the 10 Southeast Asian countries at the summit was also welcomed by Australian Foreign Minister Gareth Evans.

He said last week ASEAN's efforts to establish a nuclear weapon free zone in the region was an important contribution to regional security and to a global nuclear non-proliferation regime.

The five nuclear states, though supportive of ASEAN efforts, have yet to say when they would sign the attached protocol.

So far the US, China and UK said they still had concerns over a number of issues; freedom of passage, the mention of Exclusive Economic Zones and continental shelves in the area the treaty covers.

An Indonesian senior official said on Saturday that the working group of the Zone of Peace Freedom and Neutrality which helped draft the SEANWFZ Treaty, would meet early next month to review the protocol. According to an official, the working group hoped to start consulting with the United States about a revision of the protocol.

Vanuatu

Formation of New Government Still Uncertain

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[FBIS Transcribed Text] In Vanuatu, there is continuing uncertainty over who will form the country's next government with an opposition boycott of the opening of parliament. South Pacific correspondent Erina Reddan reports that three weeks after national elections, political parties are still wrangling for position.

[Begin Reddan recording] The Union Moderate Party [UMP] in coalition with the National United Front [NUF] expected to form the country's next government after the opening of parliament, but the opposing coalition, the Unity Front [UF], staged a parliamentary boycott. The UF believes, since it won the most seats in the 30 November election with 20 of the 60 seats, it has the will of the people to form the next government. It is also protesting because the UMP-NUF coalition has several prominent members being investigated for impropriety and corruption while in the last government. The parliamentary clerk dissolved the parliament because a quorum or a two-thirds majority of 34 members was not present. When the parliament sits again on Thursday [21 December] it will need only a simple majority to elect the new government. [end recording]

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